STATEMENT ON DIRECTORS' RESPONSIBILITY

For Preparing The Annual Financial Statements

The Board of Directors is required by the Companies Act 2016 ("the Act") to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of every financial year and of the results and cash flows of the Group and the Company for every financial year.

As required by the Act, the financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016 of Malaysia. The Directors have considered that in preparing the financial statements for the financial year ended 31 December 2021, appropriate accounting policies have been adopted and are consistently applied and supported by reasonable and prudent judgements and estimates. These estimates and judgements in applying the accounting policies of the Group and the Company are based on the Directors' best knowledge of current events and actions.

The Directors have the responsibility to ensure that the Group and the Company maintain proper accounting records which disclose with reasonable accuracy the financial position and performance of the Group and the Company and also to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The statement is made in accordance with a resolution of the Board of Directors dated 24 March 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	127,825,817	47,884,139
Non-controlling interests	463,204	-
	128,289,021	47,884,139

Reserves and provisions

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

Dividend

Since the end of the previous financial year, the amount of dividends paid or declared by the Company were as follows:

i) in respect of the financial year ended 31 December 2020 as reported in the Directors' Report of that year;
   a) a second interim single-tier exempt dividend of 5 sen per ordinary share totaling RM13,951,610 declared on 20 November 2020 and paid on 21 January 2021.

ii) in respect of the financial year ended 31 December 2021;
   a) a first interim single-tier exempt dividend of 5 sen per ordinary share totaling RM13,951,610 declared on 20 May 2021 and paid on 8 July 2021; and
   b) a second interim single-tier exempt dividend of 10 sen per ordinary share totaling RM27,903,220 declared on 26 November 2021 and paid on 25 January 2022.

After the end of the reporting period, in respect of the financial year ended 31 December 2021, a third interim single tier exempt dividend of 5 sen per ordinary share totaling RM13,951,610 was declared on 23 February 2022 and will be paid on 29 March 2022. This dividend will be accounted for in the financial statements for the financial year ending 31 December 2022.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Datuk Amar Abdul Hamed Bin Sepawi*
Dato Wong Kuo Hea*
Hasmawati Binti Sapawi
Ali Bin Adai* (Resigned on 13 August 2021)
Datu Haji Soedirman Bin Haji Aini*
Brig Gen (R) Dato' Muhammad Daniel Bin Abdullah
Chia Chu Fatt (Appointed on 5 April 2021)
Dato Awang Bemee Bin Awang Ali Basah (Appointed on 15 September 2021)

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

The names of the other directors of the Company's respective subsidiaries are:

Datu Haji Mohammed Sepuan Bin Anu
Haji Abdul Hadi Bin Abdul Kadir
Rakayah Binti Hamdan
Monaliza Binti Zaidel
Sebastian Anak Baya
Koay Bee Eng
Iswandi Bin Ayub (Appointed on 21 July 2021)
Philip @ Tilip Matau (Appointed on 21 July 2021)
Ali Bin Adai* (Resigned on 31 August 2021)

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Sepawi	200,000	-	-	200,000
Dato Wong Kuo Hea	1,027,600	-	-	1,027,600
Datu Haji Soedirman Bin Haji Aini	42,000	-	-	42,000
Deemed interests in the Company				
Datuk Amar Abdul Hamed Bin Sepawi	84,969,024	-	-	84,969,024
Dato Wong Kuo Hea	89,986,324	-	-	89,986,324

By virtue of their interests in the shares of the Company, Datuk Amar Abdul Hamed Bin Sepawi and Dato Wong Kuo Hea are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Sarawak Plantation Berhad has an interest.

Directors' interests in shares (continued)

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Deemed interests in SPB Pelita Suai Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	1,596,000	-	-	1,596,000
Dato Wong Kuo Hea	1,596,000	-	-	1,596,000

	At 1.1.2021	Increased/ subscribed	Sold	At 31.12.2021
Deemed interests in SPB PPES Karabungan Plantation Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	70	6,999,930	-	7,000,000
Dato Wong Kuo Hea	70	6,999,930	-	7,000,000

None of the other Directors holding office at 31 December 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business (as disclosed in Note 31 to the financial statements).

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were neither changes in the issued and paid-up capital of the Company, nor issuances of debentures by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, Sarawak Plantation Berhad and its subsidiaries, were covered under Directors' and Officers' Liability Insurance. The total amount of insurance effected for the Directors' and Officers' is RM10,000,000. The insurance premium for the Company was RM17,500. There is no indemnity given or insurance effected for its auditors during the year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

Datuk Amar Abdul Hamed Bin Sepawi
Director

Dato Wong Kuo Hea
Director

Kuching,

Date: 24 MAR 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Assets					
Property, plant and equipment	3	263,811,037	272,967,883	1,045	1,339
Bearer plants	4	330,646,840	328,840,222	-	-
Right-of-use assets	5	95,135,212	97,284,549	-	-
Investment in subsidiaries	6	-	-	343,557,407	327,057,482
Investment properties	7	5,456,452	5,829,020	-	-
Total non-current assets		695,049,541	704,921,674	343,558,452	327,058,821
Biological assets	8	63,998,383	42,890,509	-	-
Inventories	9	19,522,749	16,767,531	-	-
Trade and other receivables	10	13,735,151	8,672,986	512,543	19,067,948
Prepayments and other assets	11	6,931,061	6,426,402	114,790	115,800
Other investments	12	61,825,321	16,286,759	60,025,321	16,286,759
Cash and cash equivalents	13	113,620,884	82,041,443	33,405,909	55,121,326
Total current assets		279,633,549	173,085,630	94,058,563	90,591,833
Total assets		974,683,090	878,007,304	437,617,015	417,650,654
Equity					
Share capital	14.1	340,968,951	340,968,951	340,968,951	340,968,951
Reserves		330,126,301	244,155,314	59,525,158	53,495,849
Total equity attributable to owners of the Company		671,095,252	585,124,265	400,494,109	394,464,800
Non-controlling interests	6	(6,524,099)	(9,987,273)	-	-
Total equity		664,571,153	575,136,992	400,494,109	394,464,800
Liabilities					
Deferred tax liabilities	15	126,013,000	123,974,647	-	-
Loans and borrowings	16	1,905,066	46,146,866	-	-
Lease liabilities		2,277,556	2,543,081	-	-
Total non-current liabilities		130,195,622	172,664,594	-	-
Trade and other payables	17	69,428,651	51,212,013	9,219,686	9,047,992
Loans and borrowings	16	64,846,661	57,559,037	-	-
Lease liabilities		231,917	-	-	-
Current tax payable		17,505,866	7,483,058	-	186,252
Dividend payable	27	27,903,220	13,951,610	27,903,220	13,951,610
Total current liabilities		179,916,315	130,205,718	37,122,906	23,185,854
Total liabilities		310,111,937	302,870,312	37,122,906	23,185,854
Total equity and liabilities		974,683,090	878,007,304	437,617,015	417,650,654

The notes on pages 82 to 162 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	18	790,524,187	465,749,704	48,000,000	26,000,000
Cost of sales		(578,962,732)	(355,074,107)	-	-
Gross profit		211,561,455	110,675,597	48,000,000	26,000,000
Other income		1,517,008	1,248,498	-	-
Distribution expenses		(44,459,942)	(25,262,058)	-	-
Administrative expenses		(20,923,768)	(19,434,032)	(1,376,844)	(1,324,192)
Net gain/(loss on impairment) on financial instruments		5,433	4,845	(2,133)	-
Results from operating activities	19	147,700,186	67,232,850	46,621,023	24,675,808
Other non-operating income	20	21,402,364	15,630,971	-	-
Other non-operating expenses	21	(1,989,047)	-	-	-
Finance income	22	2,088,788	1,816,045	1,664,066	2,463,656
Finance costs	23	(811,052)	(1,625,155)	-	-
Net finance income		1,277,736	190,890	1,664,066	2,463,656
Profit before tax		168,391,239	83,054,711	48,285,089	27,139,464
Taxation	24	(40,102,218)	(21,407,645)	(400,950)	(599,024)
Profit and total comprehensive income for the financial year		128,289,021	61,647,066	47,884,139	26,540,440
Total comprehensive income attributable to:					
Owners of the Company		127,825,817	61,421,101	47,884,139	26,540,440
Non-controlling interests	6	463,204	225,965	-	-
Profit and total comprehensive income for the financial year		128,289,021	61,647,066	47,884,139	26,540,440
Basic and diluted earnings per ordinary share (sen)	26	45.81	22.01		

The notes on pages 82 to 162 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company						
		Non-distributable			*Distributable*			
Group	**Note**	**Share capital RM**	**Equity reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2020		340,968,951	493,560	(2,104,242)	212,674,506	552,032,775	(10,639,629)	541,393,146
Profit and total comprehensive income for the financial year		-	-	-	61,421,101	61,421,101	225,965	61,647,066
Acquisition of non-controlling interest		-	-	-	(426,391)	(426,391)	426,391	-
Dividends to owners of the Company	27	-	-	-	(27,903,220)	(27,903,220)	-	(27,903,220)
At 31 December 2020/ 1 January 2021		340,968,951	493,560	(2,104,242)	245,765,996	585,124,265	(9,987,273)	575,136,992
Profit and total comprehensive income for the financial year		-	-	-	127,825,817	127,825,817	463,204	128,289,021
Allotment of shares to non-controlling interests		-	-	-	-	-	2,999,970	2,999,970
Dividends to owners of the Company	27	-	-	-	(41,854,830)	(41,854,830)	-	(41,854,830)
At 31 December 2021		340,968,951	493,560	(2,104,242)	331,736,983	671,095,252	(6,524,099)	664,571,153
		(Note 14.1)	(Note 14.2)	(Note 14.3)				

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Attributable to owners of the Company			
		Non-distributable		Distributable	
		Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 January 2020		340,968,951	(2,104,242)	56,962,871	395,827,580
Profit and total comprehensive income for the financial year		-	-	26,540,440	26,540,440
Dividends to owners of the Company	27	-	-	(27,903,220)	(27,903,220)
At 31 December 2020/1 January 2021		340,968,951	(2,104,242)	55,600,091	394,464,800
Profit and total comprehensive income for the financial year		-	-	47,884,139	47,884,139
Dividends to owners of the Company	27	-	-	(41,854,830)	(41,854,830)
At 31 December 2021		340,968,951	(2,104,242)	61,629,400	400,494,109
		(Note 14.1)	(Note 14.3)		

The notes on pages 82 to 162 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities					
Profit before tax		168,391,239	83,054,711	48,285,089	27,139,464
Adjustments for:					
Change in fair value of biological assets	8	(21,402,364)	(15,630,971)	-	-
Depreciation of property, plant and equipment	3	16,762,120	14,728,707	294	294
Depreciation of bearer plants	4	22,413,657	15,018,006	-	-
Depreciation of right-of-use assets	5	1,756,344	1,222,367	-	-
Depreciation of investment properties	7	232,744	252,655	-	-
Dividend income from subsidiaries	18	-	-	(48,000,000)	(26,000,000)
Gain on disposal of property, plant and equipment	19	-	(180,834)	-	-
Net (gain on reversal of)/ impairment losses on financial instruments	19	-	(4,845)	2,133	-
Bad debts recovered		(5,443)	-	-	-
Finance income	22	(2,088,788)	(1,816,045)	(1,664,066)	(2,463,656)
Finance costs	23	811,052	1,625,155	-	-
Inventories written off	9	202,330	328,551	-	-
Impairment losses on property, plant and equipment	21	978,773	-	-	-
Impairment losses on bearer plants	21	1,010,274	-	-	-
Property, plant and equipment written off	19	2,579,378	542,967	-	-
Property, plant and equipment expensed off		367,864	2,818,638	-	-
Operating profit/(loss) before changes in working capital		192,009,180	101,959,062	(1,376,550)	(1,323,898)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities (continued)					
Change in inventories		(2,460,727)	(5,377,446)	-	-
Change in trade and other receivables, prepayments and other assets		(5,346,530)	6,254,537	(1,124)	-
Change in trade and other payables		18,540,614	375,502	(1,202)	(96,611)
Cash generated from/(used in) operations		202,742,537	103,211,655	(1,378,876)	(1,420,509)
Net Tax paid		(28,041,057)	(9,846,877)	(587,202)	(617,771)
Interest/Profit paid		(2,898,548)	(4,474,065)	-	-
Interest received		1,873,936	1,858,666	1,477,153	1,221,031
Hire purchase facility profit paid		(314,878)	(461,072)	-	-
Net cash from/(used in) operating activities		173,361,990	90,288,307	(488,925)	(817,249)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(10,012,608)	(5,015,777)	-	-
Dividends received		-	-	48,000,000	26,000,000
Net movement of deposits with original maturities exceeding three months		(45,538,562)	(15,032,594)	(43,738,562)	(16,286,759)
Bearer plants (net of depreciation of property, plant and equipment and right-of-use assets)	(iv)	(20,212,421)	(24,265,807)	-	-
Proceeds from disposal of:					
- property, plant and equipment		-	335,834	-	-
Net cash (used in)/from investing activities		(75,763,591)	(43,978,344)	4,261,438	9,713,241

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from financing activities					
Proceeds from shares in a subsidiary issued to non-controlling interest		1,925,558	-	-	-
Net (repayment)/proceeds of revolving credits	(v)	(5,200,000)	3,200,000	-	-
Net repayment of term loans	(v)	(29,789,171)	(16,064,039)	-	-
Repayment of hire purchase facilities	(v)	(5,052,125)	(6,100,040)	-	-
Acquisition of minority interest shares		-	(5,000)	-	(5,000)
Dividends paid to owners of the Company	27	(27,903,220)	(13,951,610)	(27,903,220)	(13,951,610)
Amount due from subsidiaries		-	-	2,415,290	10,885,259
Net cash used in financing activities		(66,018,958)	(32,920,689)	(25,487,930)	(3,071,351)
Net increase/(decrease) in cash and cash equivalents		31,579,441	13,389,274	(21,715,417)	5,824,641
Cash and cash equivalents at beginning of financial year		82,041,443	68,652,169	55,121,326	49,296,685
Cash and cash equivalents at end of financial year	13	113,620,884	82,041,443	33,405,909	55,121,326

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Notes:

(i) Cash outflows for leases as a lessee included in net cash from operating activities

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Payment relating to short-term leases	19	82,942	72,352	-	-

(ii) Acquisition of property, plant and equipment

		Group	
	Note	2021 RM	2020 RM
Paid in cash		10,012,608	5,015,777
Payables		452,561	318,297
In the form of hire purchase	(v)	3,087,120	3,293,248
Total acquisitions	3	13,552,289	8,627,322

(iii) Acquisition of right-of-use assets

	Group	
	2021 RM	2020 RM
Payables	-	324,454

(iv) Acquisition of bearer plants (net of depreciation property, plant and equipment and right-of-use assets, finance cost and lease liabilities interest capitalised)

	Group	
	2021 RM	2020 RM
Paid in cash	20,212,421	24,265,807

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Notes: (continued)

(v) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.1.2020 RM	Net changes from financing cash flows RM	Acquisition of hire purchase RM	At 31.12.2020/ 1.1.2021 RM	Net changes from financing cash flows RM	Acquisition of hire purchase RM	At 31.12.2021 RM
Group							
Revolving credit	10,000,000	(10,000,000)	-	-	-	-	-
Revolving credit (Islamic)	-	13,200,000	-	13,200,000	(5,200,000)	-	8,000,000
Islamic term loan	99,853,210	(16,064,039)	-	83,789,171	(29,789,171)	-	54,000,000
Hire purchase facilities	9,523,524	(6,100,040)	3,293,248	6,716,732	(5,052,125)	3,087,120	4,751,727
Total liabilities from financing activities	119,376,734	(18,964,079)	3,293,248	103,705,903	(40,041,296)	3,087,120	66,751,727

The notes on pages 82 to 162 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Sarawak Plantation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 1174, Block 9, MCLD, Miri Waterfront, Jalan Permaisuri, 98000 Miri, Sarawak.

Registered office

8th Floor, Wisma Naim, 2½ Miles, Rock Road, 93200 Kuching, Sarawak.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2021 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activities of the other group entities are stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 24 March 2022.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS / Amendment / Interpretation	**Effective date**
Amendments to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts-Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*	1 January 2022
MFRS 17, *Insurance Contracts*	1 January 2023
Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*	1 January 2023
Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be confirmed

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, which are currently assessed as applicable to the Company except for Amendments to MFRS 1 and Amendments to MFRS 3 which are assessed as presently not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendment to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- impairment assessment of property, plant and equipment and bearer plants as disclosed in Notes 3 and 4 of the financial statements respectively. In preparing the financial statements, the Group has evaluated whether these assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value-in-use of the assets via estimating the cash flows from their continuing use and discounting them to their net present values or by estimating their fair value less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.
- measurement of biological assets as disclosed in Note 8.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(j)(i)] where the effective interest rate is applied to the amortised cost.

Financial assets categorised as amortised costs are subject to impairment assessment [see Note 2(j)(i)].

Financial liabilities

Financial liabilities of the Group and the Company are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company; and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “administrative expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Infrastructure works	Remaining useful live of land
Commercial buildings	50 years
Other buildings	25 years
Furniture, fittings and equipment	5 - 10 years
Plant and machinery	5 - 20 years
Motor vehicles	5 - 20 years

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

During the current financial year, the useful lives for certain categories of mobile equipment were revised. Such revision is accounted for as a change in accounting estimate and was applied prospectively from the current financial year.

2. Significant accounting policies (continued)

(d) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises 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 the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. Significant accounting policies (continued)

(d) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occur.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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 right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

2. Significant accounting policies (continued)

(d) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(e) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants include mature and immature oil palm plantations. Immature plantations are stated at cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted areas. Mature plantations are stated at cost less accumulated amortisation and impairment, if any. Mature plantations are amortised on a straight-line basis over 22 years. The expected useful life of the oil palms, is calculated from the time when the palms are declared mature, which is normally 36 months after initial planting. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and amortisation method are reviewed at each financial year end to ensure that the amount, method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the profit or loss in the year the bearer plant is derecognised.

2. Significant accounting policies (continued)

(f) Biological assets

Biological assets comprise produce growing on the bearer plants and living animals.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

(g) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use assets held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Depreciation on investment property, comprising solely buildings, is charged to profit or loss on a straight-line basis over its estimated useful life of 50 years.

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

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

The Group exercises its judgement by reference to market information available and/or in consultation with independent valuers where warranted, to estimate the fair value of its investment property.

2. Significant accounting policies (continued)

(h) Inventories

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

Cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of crude palm oil and palm kernel includes direct labour, an appropriate share of production overheads and the fair value attributed to agriculture produce at year end in accordance to MFRS 141. The fair value of biological assets harvested from the Group's own plantation and sold during the year are recorded as part of the biological assets movement (Note 9) and as part of "changes in fair value of biological assets" in determining profit.

Cost of fresh fruit bunches acquired from third parties includes the cost of purchase of the inventory.

Oil palm nursery inventories consist of seedlings remaining in the nursery for eventual field planting. Cost of palm oil seeds and seedlings includes the cost of treatment and cultivation.

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

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables on individual basis with reference to historical credit loss experience.

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

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share capital.

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

2. Significant accounting policies (continued)

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Revenue and other income

(i) Revenue from contract with customers

Revenue from sales of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(i) Revenue from contract with customers (continued)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Other income

The following is a description of principal activities from which the Group and the Company generate their other revenue:

(i) Provision of services

Management fee, agronomic fee and consultancy fee are recognised in profit or loss based on services rendered.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies (continued)

(n) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(o) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(r) Operating segments

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

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

Group	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
Cost								
At 1 January 2020	21,007,255	109,866,970	34,458,037	287,308,582	108,201,034	77,109,448	4,669,283	642,620,609
Additions	-	133,472	390,978	33,900	2,511,156	4,674,106	883,710	8,627,322
Disposals	-	-	-	-	(379,303)	(180,375)	-	(559,678)
Write off	-	(922,432)	(2,126,050)	-	(2,470,140)	(7,366,918)	-	(12,885,540)
Expense off	-	-	-	-	-	-	(2,818,638)	(2,818,638)
Adjustment	-	-	-	(309,803)	(57,163)	-	-	(366,966)
Transfers	-	1,009,490	-	33,499	-	-	(1,042,989)	-
Transfer to investment properties (Note 7)	(3,323,802)	-	-	-	-	-	-	(3,323,802)
At 31 December 2020/ 1 January 2020	17,683,453	110,087,500	32,722,965	287,066,178	107,805,584	74,236,261	1,691,366	631,293,307
Additions	-	133,850	566,136	-	3,566,808	6,806,250	2,479,245	13,552,289
Write off	-	(30,428)	(2,482,542)	(109,794)	(15,793,612)	(1,020,354)	-	(19,436,730)
Write off-impairment loss	-	(4,690)	-	-	(458,761)	(186,748)	-	(650,199)
Expense off	-	-	-	-	-	-	(367,864)	(367,864)
Transfers	-	604,230	-	815,108	1,275,130	304,972	(2,999,440)	-
Reclassification	727,787	(727,787)	-	-	-	-	-	-
At 31 December 2021	18,411,240	110,062,675	30,806,559	287,771,492	96,395,149	80,140,381	803,307	624,390,803

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Group (continued)	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
Depreciation and impairment loss								
At 1 January 2020								
Accumulated depreciation	9,509,387	63,427,950	31,804,615	132,833,271	64,263,815	45,672,617	-	347,511,655
Accumulated impairment loss	-	15,347	9	6,763,229	534,833	192,820	-	7,506,238
	9,509,387	63,443,297	31,804,624	139,596,500	64,798,648	45,865,437	-	355,017,893
Depreciation for the financial year	467,725	1,543,478	763,063	4,205,996	5,113,859	5,325,418	-	17,419,539
Disposals	-	-	-	-	(224,421)	(180,256)	-	(404,677)
Write off	-	(911,897)	(2,123,199)	-	(2,005,614)	(7,301,863)	-	(12,342,573)
Transfer to investment properties (Note 7)	(1,364,758)	-	-	-	-	-	-	(1,364,758)
At 31 December 2020/ 1 January 2021								
Accumulated depreciation	8,612,354	64,059,531	30,444,479	137,039,267	67,147,639	43,515,916	-	350,819,186
Accumulated impairment loss	-	15,347	9	6,763,229	534,833	192,820	-	7,506,238
	8,612,354	64,074,878	30,444,488	143,802,496	67,682,472	43,708,736	-	358,325,424

3. Property, plant and equipment (continued)

Group (continued)	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
Depreciation and impairment loss (continued)								
At 1 January 2021								
Accumulated depreciation	8,612,354	64,059,531	30,444,479	137,039,267	67,147,639	43,515,916	-	350,819,186
Accumulated impairment loss	-	15,347	9	6,763,229	534,833	192,820	-	7,506,238
	8,612,354	64,074,878	30,444,488	143,802,496	67,682,472	43,708,736	-	358,325,424
Depreciation for the financial year	434,689	1,575,316	653,391	4,787,340	5,085,300	6,386,908	-	18,922,944
Write off	-	(32,934)	(2,474,752)	(108,101)	(13,217,742)	(1,023,823)	-	(16,857,352)
Write off-impairment loss	-	(4,690)	-	-	(458,761)	(186,748)	-	(650,199)
Transfer to investment properties (Note 7)	399,146	(538,970)	-	-	-	-	-	(139,824)
Impairment loss (Note 21)	-	-	-	978,773	-	-	-	978,773
At 31 December 2021								
Accumulated depreciation	9,446,189	65,062,943	28,623,118	141,718,506	59,015,197	48,879,001	-	352,744,954
Accumulated impairment loss	-	10,657	9	7,742,002	76,072	6,072	-	7,834,812
	9,446,189	65,073,600	28,623,127	149,460,508	59,091,269	48,885,073	-	360,579,766

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Group (continued)	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
Carrying amounts								
At 31 December 2020/ 1 January 2021	9,071,099	46,012,622	2,278,477	143,263,682	40,123,112	30,527,525	1,691,366	272,967,883
At 31 December 2021	8,965,051	44,989,075	2,183,432	138,310,984	37,303,880	31,255,308	803,307	263,811,037

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM
Cost	
At 1 January 2020/31 December 2020/1 January 2021/31 December 2021	7,784
Depreciation	
At 1 January 2020	6,151
Depreciation for the financial year	294
At 31 December 2020/1 January 2021	6,445
Depreciation for the financial year	294
At 31 December 2021	6,739
Carrying amounts	
At 31 December 2020/1 January 2021	1,339
At 31 December 2021	1,045

3.1 Depreciation

Depreciation charge for the financial year is allocated as follows:

	Note	Group 2021 RM	Group 2020 RM
Amount charged to profit or loss	19	16,762,120	14,728,707
Amount capitalised in bearer plants	4.1	2,160,824	2,690,832
		18,922,944	17,419,539

3.2 Impairment loss - Group

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

In preparing the financial statements, the Group has evaluated whether the assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value in use of the assets via discounting the estimated cash flows from their continuing use to net present values or by estimating their fair values less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

3. Property, plant and equipment (continued)

3.2 *Impairment loss - Group* (continued)

3.2.1 *Infrastructure works*

3.2.1.1 *CGU 1*

The Group recognised full impairment losses on infrastructure works amounted to RM4,952,884 in previous years (Note 4.2.1). The allowance for impairment losses was made following disruption of its plantation activities by the local participants in a trust arrangement resulting in no harvesting activity being carried out since April 2010. In 2012, the Group through its subsidiary had initiated litigation against six (6) individuals, seeking injunctive, declaratory relief and claiming damages over the trespassing [see Note 33(a)].

3.2.1.2 *CGU 2 & CGU 3*

In earlier financial years, the Group had recognised impairment loss of RM714,783 for CGU 2. In the financial year ended 31 December 2020, due to continuing inability to harvest fresh fruit bunches from CGU2 and CGU3, the Group has performed impairment testing on similar basis as disclosed in Note 4.2.2.

During the current financial year, the Group has carried out the impairment reassessment of the affected property, plant and equipment of CGU2 and CGU3. Due to the inability of the Group to harvest fresh fruit bunches from CGU2 and CGU 3, the Group is not expected to generate any future cash inflows. Hence, the Group has concluded to fully impair the remaining carrying amount of RM978,773 on property, plant and equipment which is recognised as non operating expenses in profit or loss during the year. (see Note 21).

3.2.1.3 *CGU 4*

The Group recognised full impairment loss on infrastructure works amounted to RM1,095,562 in previous years (Note 4.2.3). The allowance for impairment losses was made following continuing inability to harvest fresh fruit bunches from this estate.

3.2.2 *Other property, plant and equipment*

The Group has recognised impairment loss of RM743,009 on property, plant and equipment in previous years.

During the current financial year, an amount of RM650,199 was written off by the Group against the accumulated impairment loss brought forward.

3.3 *Security - Group*

Buildings and plant and machinery with carrying amounts of RM33,189,828 (2020: RM35,958,631) are charged to a bank for banking facilities granted to the Group (see Note 16).

3.4 During the current financial year, the Group revised the depreciation rate for certain categories of mobile equipment taking into consideration their expected usage and useful lives. The revision has been accounted for as a change in accounting estimate. The effect of this change resulted in a higher depreciation of RM857,182 recognised in profit or loss.

4. Bearer plants - Group

	RM
Cost	
At 1 January 2020	572,581,637
Additions	31,097,549
Write off (Derecognised)	(27,885,372)
At 31 December 2020/1 January 2021	575,793,814
Additions	25,230,549
Write off (Derecognised)	(26,576,323)
At 31 December 2021	574,448,040
Depreciation and impairment loss	
At 1 January 2020	
Accumulated depreciation	247,227,848
Accumulated impairment loss	12,593,110
	259,820,958
Depreciation for the financial year (Note 19)	15,018,006
Write off (Derecognised)	(27,885,372)
At 31 December 2020/1 January 2021	
Accumulated depreciation	234,360,482
Accumulated impairment loss	12,593,110
	246,953,592
Depreciation for the financial year (Note 19)	22,413,657
Impairment loss	1,010,274
Write off (Derecognised)	(26,576,323)
At 31 December 2021	
Accumulated depreciation	230,197,816
Accumulated impairment loss	13,603,384
	243,801,200
Carrying amounts	
At 31 December 2020/1 January 2021	328,840,222
At 31 December 2021	330,646,840

4. Bearer plants - Group (continued)

4.1 Bearer plants incurred during the financial year includes:-

	2021 RM	2020 RM
Depreciation of property, plant and equipment (Note 3.1)	2,160,824	2,690,832
Depreciation of right-of-use assets (Note 5.1)	392,993	920,961
Finance costs (Note 23)	2,250,939	3,030,385
Lease liabilities interest (Note 23)	213,372	189,564
Personnel expenses		
- Contributions to the Employees Provident Fund	94,622	130,714
- Wages, salaries and others	5,615,458	8,236,297
	==========	==========

Included in bearer plants is a carrying amount of RM8,027,827 (2020: RM9,286,320) located on certain leasehold land charged to a bank for banking facilities granted to a subsidiary (Note 16).

4.2 Impairment loss

Bearer plants are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

In preparing the financial statements, the Group has evaluated whether the assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value in use of the assets via discounting the estimated cash flows from their continuing use to net present values or by estimating their fair values less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

4.2.1 CGU 1

In earlier financial years, the Group had recognised full impairment losses of RM5,615,216 on its oil palm estate due to inability of the Group to harvest fresh fruit bunches from the estate.

4.2.2 CGU 2 & CGU 3

In earlier financial years, the Group had recognised impairment loss of RM3,655,970 for CGU 2 and CGU 3.

In the financial year ended 31 December 2020, due to the continuing inability to harvest fresh fruit bunches from CGU 2 and CGU 3, the Group has performed impairment testing to assess the recoverable amount. The recoverable amounts of these CGUs are estimated based on their values in use, on the assumption that the Group can reclaim these CGUs and resume its harvesting activities progressively from second half of year 2021 and in the subsequent years.

4. Bearer plants - Group (continued)

4.2 Impairment loss (continued)

4.2.2 CGU 2 & CGU 3 (continued)

The value in use calculation for the financial year ended 31 December 2020 was based on the following key assumptions:-

- Projected future cash flows from the plantations are based on a single cycle of 25 years;
- Average selling price of fresh fruit bunches for past 3 years (2018- 2020) being used for the forecast and projection years;
- Average palm yields ranging from 5 to 20 metric tonnes per hectare per annum;
- A pre-tax discount rate of 12% per annum; and
- The Group is forecasting moderate increase in the cost of sales due to higher activity level of rehabilitation.

The values assigned to the key assumptions represent management's assessment of current trends in the oil palm plantations in Sarawak and are based on both external and internal sources (historical data). Any subsequent changes in the market conditions or to decisions on the harvesting levels may have a material impact on the assets' values as the future cash flows may differ from these estimates.

Following the reassessment, the Group has estimated that the recoverable amounts of CGU 2 and CGU 3 amounting to RM1,365,000 and RM3,409,000 respectively were higher than the carrying amounts as at 31 December 2020. There was no further impairment loss to be provided.

During the current financial year, the Group has carried out the impairment reassessment on CGU2 and CGU3. Due to the inability of the Group to harvest fresh fruit bunches from CGU2 and CGU 3, the Group is not expected to generate any future cash inflows. Hence, the Group has concluded to fully impair the remaining carrying amount of RM1,010,274 on bearer plants which is recognised as non operating expenses in profit or loss during the year. (see Note 21).

4.2.3 CGU 4

In earlier financial years, the Group has recognised full impairment losses of RM3,321,924 on the oil palm estate due to the inability of the Group to harvest fresh fruit bunches (see Note 3.2.1.3).

NOTES TO THE FINANCIAL STATEMENTS

5. Right-of-use assets - Group

	Leasehold land RM	Land use rights RM	Total RM
Cost			
At 1 January 2020	109,727,113	2,272,496	111,999,609
Addition	-	324,454	324,454
Adjustment	(100,400)	-	(100,400)
At 31 December 2020/1 January 2021/ 31 December 2021	109,626,713	2,596,950	112,223,663
Depreciation			
At 1 January 2020			
Accumulated depreciation	12,678,521	81,161	12,759,682
Accumulated impairment loss	36,104	-	36,104
	12,714,625	81,161	12,795,786
Depreciation for the financial year	2,056,159	87,169	2,143,328
At 31 December 2020/1 January 2021			
Accumulated depreciation	14,734,680	168,330	14,903,010
Accumulated impairment loss	36,104	-	36,104
	14,770,784	168,330	14,939,114
Depreciation for the financial year	2,056,159	93,178	2,149,337
At 31 December 2021			
Accumulated depreciation	16,790,839	261,508	17,052,347
Accumulated impairment loss	36,104	-	36,104
	16,826,943	261,508	17,088,451
Carrying amounts			
At 31 December 2020/1 January 2021	94,855,929	2,428,620	97,284,549
At 31 December 2021	92,799,770	2,335,442	95,135,212

The Group leases land for 30 years, with an option to renew the lease after that date.

5.1 Depreciation

Depreciation charge for the financial year is allocated as follows:

	2021 RM	2020 RM
Amount charged to profit or loss (Note 19)	1,756,344	1,222,367
Amount capitalised in bearer plants (Note 4.1)	392,993	920,961
	2,149,337	2,143,328

5. Right-of-use assets - Group (continued)

5.2 Extension options

Land use rights contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM	Potential future lease payments not included in lease liabilities (discounted) RM	Historical rate of exercise of extension options %
Land use rights	-	2,564,773	-
	==========	==========	==========

5.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. The Group has opted not to exercise the extension options.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the lease. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the lease.

5.4 Restriction imposed by lease

The lease agreement for the land leased by the Group restricts the subsidiary from entering into an Assignment or Sublease Agreement and from charging, mortgaging or otherwise encumbering the said portion of the land with third party interest(s) without the prior consent of the lessor.

5.5 Security - Group

Right-of-use assets with carrying amount of RM266,349 (2020: RM295,653) are charged to a bank for banking facilities granted to the Group (see Note 16).

6. Investment in subsidiaries - Company

	Note	2021 RM	2020 RM
Unquoted shares, at cost		344,879,663	328,379,738
Deemed capital contribution	6.1	1,807,509	1,807,509
Less: Allowance for impairment losses	6.2	(3,129,765)	(3,129,765)
		343,557,407	327,057,482

6.1 *Deemed capital contribution*

Deemed capital contribution is related to fair value effect of the interest free advances to its subsidiaries recognised in the year ended 31 December 2010.

6.2 *Impairment losses*

In the previous years, the Company recognised impairment losses of RM3,129,765 based on the estimated recoverable amount of the investment in subsidiaries. The recoverable amount is estimated based on the fair value less costs of disposal with reference to the net tangible assets of the subsidiaries. During the year, the Company reassessed on similar basis and concluded no further impairment to the investment in subsidiaries.

The principal activities of the subsidiaries, all of which are incorporated and principal place of business in Malaysia, and the Company's interests therein are as follows:

Subsidiary	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD")	Cultivation of oil palm and processing of fresh fruit bunches	100	100
Sarawak Plantation Property Holding Sdn. Bhd. ("SPPH")	Property investment	100	100
Sarawak Plantation Services Sdn. Bhd. ("SPSSB")	Provision of management, marketing, agronomic and consultancy services	100	100
SPB Pelita Suai Sdn. Bhd. * ("SP Suai")	Inactive	60	60
Telliana Oil Palm Sdn. Bhd.	Inactive	100	100
SPB PPES Karabungan Plantation Sdn. Bhd.	Cultivation of oil palm	70	70
Azaria Sdn. Bhd. (^)	Inactive	-	75
Sarawak Plantation Property Development Sdn. Bhd. (v)	Inactive	-	100

^ *Wound up during the year*
v *Strike off during the year*
* *The financial statements of the subsidiary are audited by a firm of Chartered Accountants other than KPMG PLT.*

6. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Summarised financial information before intra-group elimination

2021	SPB PPES Karabungan Plantation Sdn. Bhd. RM	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	30%	40%		
Carrying amount of NCI	3,235,898	(9,759,997)	-	(6,524,099)
Profit/(Loss) allocated to NCI	510,379	(41,116)	(6,059)	463,204
As at 31 December 2021				
Non-current assets	12,430,339	-		
Current assets	1,270,045	16,810		
Non-current liability	(2,473,093)	(5,668,154)		
Current liabilities	(440,958)	(18,466,157)		
Net assets/(liabilities)	10,786,333	(24,117,501)		
Year ended 31 December 2021				
Profit/(Loss) for the financial year	1,701,265	(102,789)		
Total comprehensive profit/(loss)	1,701,265	(102,789)		
Cash flows from/(used in) operating activities	1,314,431	(102,621)		
Cash flows used in investing activities	(915,647)	-		
Cash flows (used in)/from financing activities	(25,206)	96,413		
Net increase/(decrease) in cash and cash equivalents	373,578	(6,208)		

6. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination (continued)

2020	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI	(9,718,881)	(268,392)	(9,987,273)
Profit allocated to NCI	14,859	211,106	225,965
As at 31 December 2020			
Current assets	23,017		
Non-current liability	(5,668,114)		
Current liabilities	(18,369,616)		
Net liabilities	(24,014,713)		
Year ended 31 December 2020			
Profit for the financial year	37,147		
Total comprehensive profit	37,147		
Cash flows used in operating activities	(15,674)		
Cash flows from investing activity	41,000		
Cash flows used in financing activity	(34,982)		
Net decrease in cash and cash equivalents	(9,656)		

7. Investment properties - Group

	Buildings RM
Cost	
At 1 January 2020	8,313,388
Transfer from property, plant and equipment (Note 3)	3,323,802
At 31 December 2020/1 January 2021/31 December 2021	11,637,190
Depreciation	
At 1 January 2020	4,190,757
Transfer from property, plant and equipment (Note 3)	1,364,758
Depreciation for the financial year (Note 19)	252,655
At 31 December 2020/1 January 2021	5,808,170
Transfer from property, plant and equipment (Note 3)	139,824
Depreciation for the financial year (Note 19)	232,744
At 31 December 2021	6,180,738
Carrying amounts	
At 31 December 2020/1 January 2021	5,829,020
At 31 December 2021	5,456,452
Estimated fair value	
At 31 December 2020/1 January 2021	21,412,000
At 31 December 2021	21,412,000

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

	2021 RM	2020 RM
Rental income	581,443	584,824
Direct operating expenses:		
- income generating investment properties	(363,070)	(351,297)
- non-income generating investment properties	(49,364)	(49,364)

The operating lease payments to be received are as follows:

	2021 RM	2020 RM
Less than one year	438,427	581,443
One to two years	144,664	438,427
Two to three years	61,401	144,664
	644,492	1,164,534

7. Investment properties - Group (continued)

Determination of fair value

The estimated fair value of investment properties was based on the valuation performed on 2 November 2017 by an independent valuer. The Directors are of the opinion that there are no significant changes on the estimated fair value.

Fair value information

Fair value of investment properties are categorised as Level 3, which is estimated using unobservable inputs for the investment properties.

	Level 3 RM
2021	
Investment properties	21,412,000
2020	
Investment properties	21,412,000

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The values derived are based on the comparative method. The comparative method entails comparing the property with similar properties that were sold recently and those that are currently being offered for sale in the vicinity. Diligent adjustment are then made for location, size and shape of land, age, size, design, type and condition of building, improvements, availability of facilities and amenities, time element and other relevant factors to equalise the differences so as to arrive at an acceptable degree of comparability with the subject property.

8. Biological assets- Group

The biological assets of the Group are as follows:

	Fresh fruit bunches RM	Living livestock RM	Total RM
Fair value			
At 1 January 2020	22,826,824	3,531,799	26,358,623
Addition	-	1,480,908	1,480,908
Disposals	-	(579,993)	(579,993)
Changes in fair value less costs to sell (Note 20)	17,594,303	(1,963,332)	15,630,971
At 31 December 2020	40,421,127	2,469,382	42,890,509
At 1 January 2021	40,421,127	2,469,382	42,890,509
Disposals	-	(294,490)	(294,490)
Changes in fair value less costs to sell (Note 20)	20,452,334	950,030	21,402,364
At 31 December 2021	60,873,461	3,124,922	63,998,383

8. Biological assets- Group (continued)

8.1 Fresh fruit bunches ("FFB")

The fair value of fresh fruit bunches was measured at fair value less cost to sell model by reference to the actual selling price and the estimated yield of FFB at the point of harvest, net of despatch and harvesting costs.

At 31 December 2021, the Group has total of 17 estates (2020: 17 estates) which comprises total mature area of 27,557 hectares (2020: 29,184 hectares).

During the financial year, the Group has harvested approximately 319,999 metric tonnes of FFB (2020: 341,065 metric tonnes). As at 31 December 2021, the quantity of unharvested FFB of the Group included in the fair value of FFB was 66,338 metric tonne (2020: 69,467 metric tonne).

8.2 Living livestock

Living livestock comprise the cattle and goat livestock. The fair value of living livestock for financial year ended 31 December 2021 is based on Group's assessment of estimate market value of the living livestock and actual head count.

During the financial year, the Group has sold 61 head of cattle and Nil goats (2020: 117 head of cattle and 52 goats). As at 31 December 2021, living livestock comprised 826 head of cattle and 6 goats (2020: 821 head of cattle and 6 goats).

8.3 Risk management strategy related to agriculture activities

The Group is exposed to the following risks relating to its oil palm plantations.

i) Regulatory and environmental risk

The Group is exposed to the environmental risk. Nevertheless, the Group has placed the Sustainability and Environmental Policies and health, safety and environmental procedures to create and maintain safe workplace and conservation of the environment at the same time comply with relevant regulations.

ii) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of fresh fruit bunches. The Group constantly analyse and monitor global palm oil demand patterns and trends to make prompt and informed decisions. The Group also continuously focus on increasing yield and productivity as well as adopting cautious spending to mitigate the price risk.

iii) Climate and other risk

The Group's plantations are exposed to the risk of damages from climatic changes, diseases, forest fires and other natural forces. The Group has in place the processes and procedures aimed at monitoring and mitigating those risks. Such processes include but not limit to close monitoring on harvesting and crop recovery, adequate measures to control pest population, emphasize on proper fire safety procedures and other necessary measures to ensure smooth running of the operation.

8. Biological assets- Group (continued)

8.4 Fair value information

Fair value of biological assets is categorised as Level 3, which is estimated using unobservable inputs for biological assets.

	Level 3 RM
2021	
Fresh fruit bunches	60,873,461
Living livestock	3,124,922
	63,998,383
2020	
Fresh fruit bunches	40,421,127
Living livestock	2,469,382
	42,890,509

Fair value of biological assets is categorised as Level 3, which estimated using unobservable inputs for biological assets.

The fair value less costs to sell measurement of biological assets involves the use of unobservable inputs that are subject to estimation uncertainties that may result in a higher or a lower carrying amounts of biological assets in subsequent reporting periods. As described in accounting policy Note 2(f), any gain or loss in fair value less costs to sell of biological assets is recognised in the profit or loss as “change in fair value less costs to sell of biological assets”.

8. Biological assets- Group (continued)

8.4 Fair value information (continued)

Highest and best use

During the financial year, the valuation was based on the highest and best use of the biological assets which is the harvesting of fresh fruit bunches and selling of living livestock.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Fresh fruit bunches ("FFB")	(a) Valuation of the 3 months prior to harvest. b) FFB average selling price is based on actual average selling price for January 2022 and forecasted selling price for February 2022 and March 2022. (c) Despatch and harvesting costs are based on actual average cost incurred for Quarter 4 2021.	- Estimated FFB prices - Estimated production volume - Estimated dispatch and harvesting costs	The estimated fair value would increase (decrease) if: - the estimated FFB prices were higher (lower); - the estimated production volume were higher (lower); or - the estimated dispatch and harvesting costs were lower (higher).
Living livestock	The fair value of living livestock was based on the Group's assessment of weights and estimated market value of the living livestock.	- Estimated weight - Estimated market price	The estimated fair value would increase (decrease) if: - the estimated weight were higher (lower); - the estimated market price were higher (lower)

8. Biological assets- Group (continued)

8.5 *Sensitivity analysis*

8.5.1 *Fresh fruit bunches ("FFB")*

The sensitivity analysis below indicates the approximate change in the Group's fair value of FFB and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumption and other variables remained constant.

	2021		2020	
	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM
Selling price	10% (10%)	6,803,691 (6,803,691)	10% (10%)	4,698,646 (4,698,646)
Production volume	10% (10%)	6,087,346 (6,087,346)	10% (10%)	4,042,113 (4,042,113)

8.5.2 *Living livestock*

The sensitivity analysis below indicates the approximate change in the Group's fair value of living livestock and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumption and other variables remained constant.

	2021	
	Increase/ (Decrease) in price	Increase/(Decrease) in fair value of biological assets and profit before tax for the year RM
Selling price	10% (10%)	312,490 (312,490)

8. Biological assets- Group (continued)

8.5 *Sensitivity analysis* (continued)

8.5.2 *Living livestock* (continued)

	2020	
	Increase/ (Decrease) in price	Increase/(Decrease) in fair value of biological assets and profit before tax for the year RM
Selling price	10%	246,940
	(10%)	(246,940)

9. Inventories - Group

	2021 RM	2020 RM
At costs		
Crude palm oil and palm kernel	5,550,634	6,900,510
Stores and consumables	10,428,202	5,365,743
Oil palm nursery	1,132,292	2,050,941
Oil palm seeds	363,082	397,734
Oil palm fresh fruit bunches	2,048,539	2,052,603
	19,522,749	16,767,531
Recognised in profit or loss:		
Inventories recognised as part of cost of sales	556,414,087	339,181,335
Inventories written off	202,330	328,551

Oil palm nursery and oil palm seeds incurred during the financial year include:-

	2021 RM	2020 RM
Personnel expenses		
- Contributions to the Employees	23,834	22,428
Provident Fund		
- Wages, salaries and others	1,422,107	1,493,580

10. Trade and other receivables

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Non-trade					
Amount due from subsidiaries	10.1	-	-	5,668,153	5,666,020
Less: Allowance for impairment losses		-	-	(5,668,153)	(5,666,020)
Non-current total		-	-	-	-
Current					
Trade					
Trade receivables	10.2	13,158,314	8,600,196	-	-
Non-trade					
Other receivables		628,885	124,838	255,864	68,952
Less: Allowance for impairment losses		(52,048)	(52,048)	-	-
		576,837	72,790	255,864	68,952
Amount due from subsidiaries	10.1	-	-	256,679	18,998,996
		576,837	72,790	512,543	19,067,948
Current total		13,735,151	8,672,986	512,543	19,067,948
Total		13,735,151	8,672,986	512,543	19,067,948

10.1 Amount due from subsidiaries is unsecured and bears interest ranging from 3.52% to 6.45% (2020: 3.50% to 7.95%) per annum.

10.2 Included in trade receivables are amounts of RM3,051,610 (2020: RM2,079,504) due from companies related to a substantial corporate shareholder and companies in which certain directors have interest.

11. Prepayments and other assets

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-trade					
Deposit	11.1	5,382,171	5,545,860	-	-
Less: Allowance for impairment losses		(1,862,000)	(1,874,000)	-	-
		3,520,171	3,671,860	-	-
Prepayments		3,296,100	2,638,742	-	-
Club membership		114,790	115,800	114,790	115,800
		3,410,890	2,754,542	114,790	115,800
Total		6,931,061	6,426,402	114,790	115,800

11.1 Deposits - Group

Included in deposits is a deposit of RM2,077,614 (2020: RM2,077,614) paid for an acquisition of land.

11.2 Impairment losses - Group

A full impairment loss of RM1,862,000 was made in earlier years following disruption of its plantation activities by the local participants in a trust arrangement resulting in no harvesting activity being carried out since April 2010 (see Note 3.2.1.1).

12. Other investments

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Deposits with original maturities exceeding three months	61,825,321	16,286,759	60,025,321	16,286,759

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13. Cash and cash equivalents

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash in hand and at banks	2,416,004	3,722,956	75,053	367,214
Deposits with original maturities not exceeding three months	111,204,880	78,318,487	33,330,856	54,754,112
	113,620,884	82,041,443	33,405,909	55,121,326

14. Capital and reserves - Group and Company

14.1 Share capital

	2021		2020	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares				
Issued and fully paid shares with no par value classified as equity instruments:				
Opening and closing balances	340,968,951	280,000,000	340,968,951	280,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.2 Equity reserve

Equity reserve represents the capital contribution by certain shareholders of the Company, in respect of shares granted to employees of a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd., in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in 2007. This entailed the sale of 135,000 ordinary shares in the Company by corporate shareholders, to eligible employees of the subsidiary, on a basis proportionate to their then existing shareholdings in the Company.

14.3 Treasury shares

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 13 August 2021. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares during the year ended 31 December 2021 (31 December 2020: NIL). The number of treasury shares held was 967,800 ordinary shares as at the year ended 31 December 2021 and 31 December 2020.

15. Deferred tax liabilities - Group

Movements in temporary differences during the financial year are as follows:

	At 1.1.2020 RM	Recognised in profit or loss RM	At 31.12.2020/ 1.1.2021 RM	Recognised in profit or loss RM	At 31.12.2021 RM
Property, plant and equipment	49,757,687	1,287,373	51,045,060	(3,394,562)	47,650,498
Bearer plants	61,764,243	898,632	62,662,875	406,760	63,069,635
Biological assets	6,326,070	3,940,642	10,266,712	4,906,155	15,172,867
Provision - others	-	-	-	120,000	120,000
	117,848,000	6,126,647	123,974,647	2,038,353	126,013,000
		(Note 24)		(Note 24)	

Unrecognised deferred tax assets - Group

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

	2021 RM	2020 RM
Unutilised capital allowance and agriculture allowances carried forward	7,431,000	8,713,000
Unutilised tax losses carried forward	16,336,000	15,751,000
	23,767,000	24,464,000

Deferred tax assets of RM5,704,000 (2020: RM5,871,000) have not been recognised in the statement of financial position in respect of the temporary differences because it is not probable that future taxable profits will be available against which the affected group entities can utilise the benefits.

Pursuant to the latest tax legislation in Malaysia, unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum of 10 years. Unutilised capital allowances and agriculture allowances attributable to group entities incorporated in Malaysia do not expire under the current tax legislation. In the case of a dormant company, such allowances and losses will not be available to the affected group entities if there has been a change of 50% or more in the shareholdings thereof.

Unutilised tax losses of RM12,878,000, RM1,618,000, RM1,541,000 and RM299,000 expire in YA2029, YA2030, YA2031 and YA2032 respectively under the current tax legislation of Malaysia.

16. Loans and borrowings - Group

	Note	2021 RM	2020 RM
Non-current			
Islamic term loan - secured		-	43,789,171
Hire purchase facility - secured	16.3	1,905,066	2,287,072
Hire purchase facility (Islamic) - secured	16.3	-	70,623
		1,905,066	46,146,866
Current			
Revolving credit (Islamic) - secured		8,000,000	13,200,000
Islamic term loan - secured		54,000,000	40,000,000
Hire purchase facility - secured	16.3	2,772,240	2,211,435
Hire purchase facility (Islamic) - secured	16.3	74,421	2,147,602
		64,846,661	57,559,037
		66,751,727	103,705,903

One of the subsidiaries has been granted banking facilities comprising one term loan facility of RM150 million (2020: RM150 million) and two revolving credit facilities of RM40 million and RM30 million respectively (2020: RM40 million and RM30 million). The Islamic term loan and revolving credit facilities of RM150 million and RM30 million respectively are Islamic facilities under Bai' Inah contract.

The subsidiary shall maintain a gearing measured by Group's borrowings over Group's shareholders' funds of not more than 1.00 time.

16.1 Security

The Islamic term loan and the revolving credit are secured by way of legal charges over certain land and buildings of a subsidiary (see Notes 3.3 and 5.5) and a corporate guarantee from the Company.

Assets under hire purchase are charged to secure the hire purchase facilities (Islamic) of the Group.

16.2 Interest and profit rates

The Islamic term loan of RM54,000,000 (2020: RM83,789,171) bears profit rate of 12% (2020: 12%) per annum, which is equivalent to effective profit rate of 0.75% (2020: 0.75%) per annum above the Bank's i-cost of funds.

The effective interest rate of revolving credit ranges from 3.43% to 3.52% (2020: 3.50% to 4.97%) per annum.

Hire purchase facilities carries profit rates fixed at 4.85% to 5.22% (2020: 4.85% to 5.22%) per annum.

16. Loans and borrowings - Group (continued)

16.3 Hire purchase facility are payable as follows:

	Payments RM	Profit RM	Principal RM
2021			
Less than one year	2,938,013	165,773	2,772,240
Between one and five years	1,959,603	54,537	1,905,066
	4,897,616	220,310	4,677,306
2021			
Less than one year (Islamic)	75,554	1,133	74,421
Between one and five years (Islamic)	-	-	-
	75,554	1,133	74,421
2020			
Less than one year	2,386,479	175,044	2,211,435
Between one and five years	2,366,275	79,203	2,287,072
	4,752,754	254,247	4,498,507
2020			
Less than one year (Islamic)	2,193,520	45,918	2,147,602
Between one and five years (Islamic)	71,756	1,133	70,623
	2,265,276	47,051	2,218,225

17. Trade and other payables

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Current					
Trade					
Trade payables	17.1	35,996,579	23,171,166	-	-
Non-Trade					
Amount due to subsidiaries	17.2	-	-	182,777	316
Accrued expenses		17,732,229	12,636,524	79,720	67,476
Other payables	17.1	15,699,843	15,404,323	8,957,189	8,980,200
		33,432,072	28,040,847	9,219,686	9,047,992
Total		69,428,651	51,212,013	9,219,686	9,047,992

17. Trade and other payables (continued)

17.1 Trade payable and other payables

Included in trade payables and other payables of the Group are:

(a) an amount of RM1,685,666 (2020: RM1,533,298) due to a company in which a Director has interest, companies related to a substantial corporate shareholder, a company in which certain Directors have interest and companies in which persons connected to a Director has interest;

(b) an amount of RM459,285 (2020: RM411,192) being construction retention sums mainly for the construction of buildings, infrastructures and plant and machinery; and

(c) an amount of RM8,956,130 (2020: RM8,956,130) being the balance purchase consideration for acquisition of equity interest in a subsidiary.

On 29 November 2021, the Company entered into a deed of settlement with the vendors to return part of the land in the said subsidiary to the vendors. The returned land in the subsidiary shall be transferred to the vendors and the Company shall no longer be required to pay the balance purchase consideration after the completion of the settlement. The completion of the settlement is currently pending the transfer of land to the vendors.

17.2 Amount due to subsidiaries

Amount due to subsidiaries is unsecured and bears interest at 3.84% to 6.45% (2020: 6.45% to 7.20%) per annum.

18. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers	789,942,744	465,164,880	-	-
Other revenue				
Rental income	581,443	584,824	-	-
Dividend income from subsidiaries	-	-	48,000,000	26,000,000
	790,524,187	465,749,704	48,000,000	26,000,000

The primary geographical market of the Company is in Malaysia

18. Revenue (continued)

18.1 Disaggregation of revenue

	Oil palm operation		Management/ Agronomic services		Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Major products and service lines						
Sales of oil palm products	789,632,804	464,792,274	-	-	789,632,804	464,792,274
Management/Agronomic services income	-	-	309,940	372,606	309,940	372,606
	789,632,804	464,792,274	309,940	372,606	789,942,744	465,164,880
Geographical markets						
Malaysia	789,632,804	464,792,274	309,940	372,606	789,942,744	465,164,880
Timing and recognition						
At a point in time	789,632,804	464,792,274	234,040	296,706	789,866,844	465,088,980
Over time	-	-	75,900	75,900	75,900	75,900
	789,632,804	464,792,274	309,940	372,606	789,942,744	465,164,880

NOTES TO THE FINANCIAL STATEMENTS

18. Revenue (continued)

18.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Oil palm products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 4 - 30 days from the receipt of invoice by the buyers.	Not applicable	Not applicable	Not applicable
Management service income	Revenue is recognised over time.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable
Agronomic service income	Revenue is recognised when the services is delivered.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable

19. Results from operating activities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Results from operating activities are arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees:				
- KPMG PLT	222,000	211,500	60,000	55,000
- Other auditors	3,800	3,800	-	-
- Non-audit fees:				
- KPMG PLT	11,000	10,000	11,000	10,000
- Local affiliates of KPMG PLT	79,750	73,750	14,000	12,430
- Other auditors	8,000	500	-	-
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3.1)	16,762,120	14,728,707	294	294
Depreciation of bearer plants (Note 4)	22,413,657	15,018,006	-	-
Depreciation of right-of-use assets (Note 5)	1,756,344	1,222,367	-	-
Depreciation of investment properties (Note 7)	232,744	252,655	-	-
Personnel expenses (including key management personnel):				
- Contributions to the Employees Provident Fund	3,402,152	3,228,715	78,598	97,180
- Wages, salaries and others	62,295,830	62,254,582	911,929	922,525
Expenditure relating to short-term leases	82,942	72,352	-	-
Property, plant and equipment written off	2,579,378	542,967	-	-
Property, plant and equipment expensed off	367,864	2,818,638	-	-
Gain on disposal of property, plant and equipment	-	(180,834)	-	-
Net (gain on reversal of)/ impairment loss on financial instruments	-	(4,845)	2,133	-
Bad debts recovered	(5,443)	-	-	-

Included in the personnel expenses of the Company disclosed above are salary costs (including compensations to key management personnel) recharged by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

20. Other non-operating income - Group

Included in other non-operating income of the Group as shown below:

	2021 RM	2020 RM
Changes in fair value of biological assets (Note 8)	21,402,364	15,630,971

21. Non-operating expense - Group

	2021 RM	2020 RM
Impairment loss on property, plant and equipment (Note 3)	978,773	-
Impairment loss on bearer plant (Note 4)	1,010,274	-
	1,989,047	-

22. Finance income

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income of financial assets that are not at fair value through profit or loss:				
- receivables	-	-	345,726	1,250,176
- deposits with banks/financial institutions	2,088,788	1,816,045	1,318,340	1,213,480
Recognised in profit or loss	2,088,788	1,816,045	1,664,066	2,463,656

23. Finance costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	3,275,363	4,845,104	-	-
Amount charged to profit or loss	811,052	1,625,155	-	-
Amount capitalised in bearer plants (Note 4.1)	2,464,311	3,219,949	-	-
	3,275,363	4,845,104	-	-

24. Taxation

Recognised in profit or loss

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense				
Malaysian - current year	40,013,240	16,489,356	398,240	565,000
- prior year	(1,949,375)	(1,208,358)	2,710	34,024
	38,063,865	15,280,998	400,950	599,024
Deferred tax expense (Note 15)				
Origination and reversal of temporary differences				
- current year	2,038,353	6,126,647	-	-
Total taxation	40,102,218	21,407,645	400,950	599,024

Reconciliation of taxation

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Profit for the financial year	128,289,021	61,647,066	47,884,139	26,540,440
Total taxation	40,102,218	21,407,645	400,950	599,024
Profit excluding tax	168,391,239	83,054,711	48,285,089	27,139,464
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	40,414,000	19,933,000	11,588,422	6,513,471
Non-deductible expenses	1,804,593	2,403,003	329,818	291,529
Movements in unrecognised deferred tax assets	(167,000)	280,000	-	-
Non-taxable income	-	-	(11,520,000)	(6,240,000)
	42,051,593	22,616,003	398,240	565,000
(Over)/Under provision in prior year	(1,949,375)	(1,208,358)	2,710	34,024
Total taxation	40,102,218	21,407,645	400,950	599,024

25. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors:				
- Fees	642,333	586,000	545,000	490,500
- Short-term employee benefits (including estimated benefits-in-kind)	2,660,682	2,855,047	61,384	81,211
- Post employment benefits	25,357	103,768	1,730	2,582
	3,328,372	3,544,815	608,114	574,293
Other key management personnel:				
- Fees	17,500	-	-	-
- Short-term employee benefits (including estimated benefits-in-kind)	1,756,609	1,583,227	307,242	344,811
- Post employment benefits	210,368	193,273	48,070	41,359
	1,984,477	1,776,500	355,312	386,170
	5,312,849	5,321,315	963,426	960,463

Other key management personnel comprise persons, other than the Directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

26. Earnings per ordinary share - Group

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 31 December 2021 and 31 December 2020 was based on the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	2021 RM	2020 RM
Earnings attributable to ordinary shareholders	127,825,817	61,421,101

26. Earnings per ordinary share - Group (continued)

	2021 RM	2020 RM
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	280,000,000	280,000,000
Effect of issued ordinary shares repurchased	(967,800)	(967,800)
Weighted average number of ordinary shares at 31 December	279,032,200	279,032,200

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 13 August 2021. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares during the year ended 31 December 2021 and 31 December 2020. The number of treasury shares held was 967,800 ordinary shares as at the year ended 31 December 2021 and 31 December 2020.

Basic and diluted earnings per ordinary share

	2021 Sen	2020 Sen
Basic and diluted earnings per ordinary share	45.81	22.01

27. Dividends

Dividends recognised by the Company was:

	Sen per share (tax exempt)	Total RM	Date of payment
2021			
First interim 2021 ordinary	5	13,951,610	8 July 2021
Second interim 2021 ordinary	10	27,903,220	25 January 2022
		41,854,830	
2020			
First interim 2020 ordinary	5	13,951,610	6 August 2020
Second interim 2020 ordinary	5	13,951,610	21 January 2021
		27,903,220	

After the end of the reporting period, in respect of the financial year ended 31 December 2021, a third interim single tier exempt dividend of 5 sen per ordinary share totaling RM13,951,610 was declared on 23 February 2022 and will be paid on 29 March 2022. This dividend will be accounted for in the financial statements for the financial year ending 31 December 2022.

28. Financial instruments

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Note	Carrying amount RM	AC RM
2021			
Financial assets			
Group			
Trade and other receivables	10	13,735,151	13,735,151
Deposits	11	3,520,171	3,520,171
Other investments	12	61,825,321	61,825,321
Cash and cash equivalents	13	113,620,884	113,620,884
		192,701,527	192,701,527
Company			
Trade and other receivables	10	512,543	512,543
Other investment	12	60,025,321	60,025,321
Cash and cash equivalents	13	33,405,909	33,405,909
		93,943,773	93,943,773
Financial liabilities			
Group			
Loans and borrowings	16	(66,751,727)	(66,751,727)
Trade and other payables	17	(69,428,651)	(69,428,651)
		(136,180,378)	(136,180,378)
Company			
Trade and other payables	17	(9,219,686)	(9,219,686)

28. Financial instruments (continued)

28.1 *Categories of financial instruments* (continued)

	Note	Carrying amount RM	AC RM
2020			
Financial assets			
Group			
Trade and other receivables	10	8,672,986	8,672,986
Deposits	11	3,671,860	3,671,860
Other investments	12	16,286,759	16,286,759
Cash and cash equivalents	13	82,041,443	82,041,443
		110,673,048	110,673,048
Company			
Trade and other receivables	10	19,067,948	19,067,948
Other investment	12	16,286,759	16,286,759
Cash and cash equivalents	13	55,121,326	55,121,326
		90,476,033	90,476,033
Financial liabilities			
Group			
Loans and borrowings	16	(103,705,903)	(103,705,903)
Trade and other payables	17	(51,212,013)	(51,212,013)
		(154,917,916)	(154,917,916)
Financial liabilities			
Company			
Trade and other payables	17	(9,047,992)	(9,047,992)

28. Financial instruments (continued)

28.2 Net gains/(losses) arising from financial instruments

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Net gains/(losses) on:				
Financial assets at amortised cost				
- Bad debt recovered	5,443	-	-	-
- impairment loss on trade and other receivables	-	-	(2,133)	-
- reversal of impairment loss on trade and other receivables	-	4,845	-	-
- interest income from receivables	-	-	345,726	1,250,176
- interest income from term deposits	2,088,788	1,816,045	1,318,340	1,213,480
	2,094,231	1,820,890	1,661,933	2,463,656
Financial liabilities at amortised cost				
- interest expense on term loan	(166,842)	(887,756)	-	-
- interest expense on revolving credits	(241,047)	(276,327)	-	-
- payables	(88,285)	-	-	-
	(496,174)	(1,164,083)	-	-
Profit payments on hire purchase	(314,878)	(461,072)	-	-
	(811,052)	(1,625,155)	-	-
	1,283,179	195,735	1,661,933	2,463,656

28. Financial instruments (continued)

28.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management regularly reviews and monitors on an on-going basis by setting appropriate credit limits on trade receivables on a case-by-case basis.

At each reporting date, the Group and the Company assesses whether any of the trade receivables is credit impaired.

The gross carrying amounts of credit impaired trade receivables is written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

28. Financial instruments (continued)

28.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position. The credit risk is concentrated to one (2020: one) major customer, who are mainly involved in palm oil refinery as disclosed in Note 32, representing 68% (2020: 58%) of the total trade receivables.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtor and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales marketing team.

As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
2021			
Group			
Current (not past due)	12,372,212	-	12,372,212
1 - 30 days past due	383,146	-	383,146
31 - 60 days past due	221,074	-	221,074
61 - 90 days past due	163,555	-	163,555
More than 90 days past due	18,327	-	18,327
	13,158,314	-	13,158,314
Credit impaired			
Individually impaired	-	-	-
Trade receivables	13,158,314	-	13,158,314

28. Financial instruments (continued)

28.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM	Loss allowances RM	Net balance RM
2020			
Group			
Current (not past due)	8,424,487	-	8,424,487
1 - 30 days past due	129,167	-	129,167
31 - 60 days past due	29,831	-	29,831
61 - 90 days past due	-	-	-
More than 90 days past due	16,711	-	16,711
	8,600,196	-	8,600,196
Credit impaired			
Individually impaired	-	-	-
Trade receivables	8,600,196	-	8,600,196

There is no allowance for impairment in respect of trade receivables during the year.

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other investments

As at the end of the reporting period, the Group has only invested in deposit with original maturities exceeding three months. The maximum exposure to credit risk is represented by the carrying amounts of the deposits in the statement of financial position.

Other receivables

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of reporting period, there was no indication that the other receivables are not recoverable, other than those on which an allowance for impairment losses has been made (see Note 10).

28. Financial instruments (continued)

28.4 Credit risk (continued)

Other receivables (continued)

The following table provides information about the exposure to credit risk for other receivables.

	Gross carrying amount RM	Impairment loss allowances RM	Net balance RM
2021			
Low credit risk	576,837	-	576,837
Credit impaired	52,048	(52,048)	-
	628,885	(52,048)	576,837
2020			
Low credit risk	72,790	-	72,790
Credit impaired	52,048	(52,048)	-
	124,838	(52,048)	72,790

There is no movement on impairment loss during the year.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. There are no significant concentrations of credit risk as at the end of the reporting period.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

28. Financial instruments (continued)

28.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk for subsidiaries' loans and advances.

	Gross carrying amount RM	Impairment loss allowances RM	Net balance RM
2021			
Credit impaired	5,668,153	(5,668,153)	-
	==========	==========	==========
2020			
Credit impaired	5,666,020	(5,666,020)	-
	==========	==========	==========

The movement in the allowance of impairment in respect of subsidiary's loans and advances during the year as follows:

	Total RM
Group	
Balance at 1 January 2020	5,666,020
Net remeasurement of loss allowance	-
Balance at 31 December 2020/1 January 2021	5,666,020
Net remeasurement of loss allowance	2,133
31 December 2021	5,668,153
	==========

28. Financial instruments (continued)

28.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM62,000,000 (2020: RM96,989,171) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2021							
Group							
Non-derivative financial liabilities							
Islamic term loan - secured	54,000,000	3.65	55,971,000	55,971,000	-	-	-
Revolving credit (Islamic) - secured	8,000,000	3.47	8,277,600	8,277,600	-	-	-
Hire purchase facility (Islamic) - secured	74,421	5.18	75,554	75,554	-	-	-
Hire purchase facility - secured	4,677,306	4.97	4,897,616	2,938,013	1,637,149	322,454	-
Lease liabilities	2,509,473	6.70-7.95	5,719,351	231,917	231,917	695,751	4,559,766
Trade and other payables	69,428,651	-	69,428,651	69,428,651	-	-	-
	138,689,851		144,369,772	136,922,735	1,869,066	1,018,205	4,559,766
Company							
Non-derivative financial liabilities							
Other payables and accruals	9,219,686	-	9,219,686	9,219,686	-	-	-
Financial guarantees	-	-	62,000,000	62,000,000	-	-	-
	9,219,686		71,219,686	71,219,686	-	-	-

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2020							
Group							
Non-derivative financial liabilities							
Islamic term loan - secured	83,789,171	3.66	86,855,854	41,464,000	45,391,854	-	-
Revolving credit (Islamic)							
- secured	13,200,000	3.50	13,662,000	13,662,000	-	-	-
Hire purchase facility (Islamic)							
- secured	2,218,225	5.16	2,265,276	2,193,520	71,756	-	-
Hire purchase facility - secured	4,498,507	5.04	4,752,754	2,386,479	1,788,548	577,727	-
Lease liabilities	2,543,081	6.70-7.95	5,961,354	231,917	231,917	695,751	4,801,769
Trade and other payables	51,212,013	-	51,212,013	51,212,013	-	-	-
	157,460,997		164,709,251	111,149,929	47,484,075	1,273,478	4,801,769
Company							
Non-derivative financial liabilities							
Other payables and accruals	9,047,992	-	9,047,992	9,047,992	-	-	-
Financial guarantees	-	-	96,989,171	96,989,171	-	-	-
	9,047,992		106,037,163	106,037,163	-	-	-

28. Financial instruments (continued)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

28.6.1 Currency risk

The Group and Company are not exposed to any foreign currency risk as it operates domestically and most of its transactions are denominated in Ringgit Malaysia.

28.6.2 Interest and profit rates risk

The primary interest and profit rates risk to which the Group is exposed relates to the deposits which are fixed rate instruments placed with approved financial institutions. The exposure to a risk of change in their fair value due to changes in interest rates would not be significant as the deposits are usually placed for less than three months.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest/profit rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors its exposure to changes in interest and profit rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including rates of interest/profit, to the Group.

NOTES TO THE FINANCIAL STATEMENTS

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest and profit rates risk (continued)

Exposure to interest and profit rates risk

The interest and profit rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed rate instruments				
Deposits with banks/ financial institutions	173,030,201	94,605,246	93,356,177	71,040,871
Amount due from subsidiaries	-	-	256,679	18,998,996
Hire purchase facility - secured	(4,751,727)	(6,716,732)	-	-
Lease liabilities	(2,509,473)	(2,543,081)	-	-
Revolving credits (Islamic) - secured	(8,000,000)	(13,200,000)	-	-
	157,769,001	72,145,433	93,612,856	90,039,867
Floating rate instruments				
Islamic term loan - secured	(54,000,000)	(83,789,171)	-	-

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest and profit rates risk (continued)

Exposure to interest and profit rates risk (continued)

The amount due from subsidiaries of the Company bears interest ranging from 3.52% to 6.45% (2020: 3.50% to 7.95%) per annum. The Company bears interest at 3.84% to 6.45% (2020: 6.45% to 7.20%) per annum for amount due to subsidiaries.

The term loan facilities to the Group bears interest at 12.00% per annum, which is equivalent to effective profit rate of 0.75% (2020: 0.75%) per annum above the Bank's i-cost of funds.

The secured revolving credit (Islamic) facilities of the Group bears effective interest at 0.6% (2020: 0.6%) per annum above the Bank's cost of funds.

The secured revolving credit facilities of the Group bore effective interest at 1.00% per annum above the Bank's cost of funds.

The deposits placed with licensed banks of the Group and the Company (see Notes 12 and 13) bear interest ranging from 1.25% to 2.20% (2020: 1.25% to 3.55%) per annum.

Hire purchase facilities under loans and borrowings bear interest ranging from 2021: 4.85% to 5.22% (2020: 4.85% to 5.22%) per annum.

Interest and profit rates risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss. The exposure to interest rate risk is consequently not material and hence sensitivity analysis is not presented.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2021 Profit or loss		2020 Profit or loss	
	100bp increase RM	100bp decrease RM	100bp increase RM	100bp decrease RM
Group				
Floating rate instruments	(410,000)	410,000	(637,000)	637,000

28. Financial instruments (continued)

28.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments non-current financial liabilities not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value Level 3 RM	Total fair value RM	Carrying amount RM
2021			
Financial liabilities			
Islamic term loan - secured	-	-	-
Hire purchase facility (Islamic) - secured	-	-	-
Hire purchase facility - secured	(1,810,384)	(1,810,384)	(1,905,066)
	(1,810,384)	(1,810,384)	(1,905,066)
2020			
Financial liabilities			
Islamic term loan - secured	(42,243,074)	(42,243,074)	(43,789,171)
Hire purchase facility (Islamic) - secured	(66,979)	(66,979)	(70,623)
Hire purchase facility - secured	(2,171,804)	(2,171,804)	(2,287,072)
	(44,481,857)	(44,481,857)	(46,146,866)

28. Financial instruments (continued)

28.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of term loans approximate their carrying amounts as these are variable rate borrowings.

Amount due from subsidiaries bears interest at a rate that is in line with prevailing rates, also approximate fair value.

Financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable inputs (%)	Inter-relationship between significant unobservable inputs and fair value measurement
Hire purchase facilities	Discounted cash flows	Interest rate 4.85% to 5.22% (2020: 4.85% to 5.22%)	The estimated fair value would incease (decrease) if the interest rate were lower (higher).
Term loan - secured	Discounted cash flows	Interest rate 3.65% (2020: 3.66%)	The estimated fair value would increase (decrease) if the interest rate were lower (higher).

29. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group is required to maintain a maximum gearing ratio of 1.00 to comply with a bank covenant, failing which the bank may call an event of default (see Note 16). The Group has not breached this covenant as evident from the following tabulation:

	2021 RM	2020 RM
Total loans and borrowings (Note 16)	66,751,727	103,705,903
Total equity	664,571,153	575,136,992
Debt-to-equity ratio	0.10	0.18

There was no change in the Group's approach to capital management during the financial year.

30. Capital expenditure commitments

	Group	
	2021 RM	2020 RM
Contracted for but not provided for		
Property, plant and equipment	4,023,901	2,565,151
Bearer plants	-	868,404
	4,023,901	3,433,555

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has a related party relationship with:

(i) its subsidiaries;
(ii) key management personnel;
(iii) companies/organisations connected to certain Directors of the Company and/or of its subsidiaries;
(iv) its substantial corporate shareholders; and
(v) companies related to its substantial corporate shareholder.

Significant related party transactions

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 25) and those disclosed elsewhere in the financial statements, are shown below.

Subsidiaries

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend income	-	-	(48,000,000)	(26,000,000)
Interest income	-	-	(345,726)	(1,250,176)
Administrative fee	-	-	22,572	27,670
	==========	==========	==========	=========

Companies in which a Director has interest

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Purchase of oil palm fresh fruit bunches	4,232,659	16,300,534	-	-
Rental and annual support for satellite and broadband services	199,081	224,046	-	-
Insurance premium	771,161	710,027	-	-
	==========	==========	==========	=========

31. Related parties (continued)

Significant related party transactions (continued)

Companies related to a substantial corporate shareholder

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sale of oil palm fresh fruit bunches	(51,934,547)	(27,682,958)	-	-
Sales of palm kernel shell	(1,437,853)	(735,386)	-	-
Sale of oil palm seeds	(90,000)	(60,000)	-	-
Sale of oil palm seedling	(725,208)	-	-	-
Agronomics service fee	(48,895)	(2,965)	-	-
Purchase of oil palm fresh fruit bunches	1,232,917	1,221,708	-	-
Transport services	-	1,172	-	-
Purchase of material and store item	201,979	131,547	-	-
Field maintenance work and rental of machineries	72,513	122,809	-	-
Purchase of assets	641,600	835,580	-	-
Rental of office	16,510	13,970	-	-
Purchase of oil palm and other seedlings	-	96,000	-	-
Services of equipment	-	15,000	-	-
	==========	==========	==========	=========

Companies in which certain Directors have interest

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sale of oil palm fresh fruit bunches	(676,277)	-	-	-
Sales of oil palm seeds	-	(90,000)	-	-
Agronomic service fee income	(12,110)	-	-	-
Purchase of oil palm fresh fruit bunches	4,013,044	2,846,114	-	-
Purchase of materials	727,029	-	-	-
	==========	==========	==========	=========

31. Related parties (continued)

Significant related party transactions (continued)

Companies in which persons connected to certain Directors have interest

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Software support, customisation, maintenance and implementation costs	569,690	364,412	-	-
Purchase of assets	120,788	175,500	-	-
Purchase of spare parts and consumables	5,513,297	4,321,311	-	-
	=========	=========	=========	=========

The balances related to the above transactions are shown in Notes 10 and 17. There is no allowance for impairment loss on doubtful receivables provided against the outstanding balances of related parties, other than that provided against the amount due from subsidiaries as disclosed in Note 10.

Related party transactions are based on negotiated terms and the amounts outstanding at the statement of financial position date are unsecured and expected to be settled in cash.

32. Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Executive Director (being the Chief Operating Decision Maker), reviews internal management reports on a monthly basis. The following describes the operations in each of the Group's reportable segments.

Investment holding	- Investment holding company.
Oil palm operations	- Comprising 2 divisions namely estate operation (Cultivation of oil palm) and mill operation (processing of fresh fruit bunches).
Management services and rental	- Provision of management service and rental of investment properties.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment gross profit as included in the internal management reports. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

32. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2021				
Revenue				
Segment revenue	48,000,000	792,089,780	2,096,042	842,185,822
Inter-segment revenue	(48,000,000)	(2,456,976)	(1,204,659)	(51,661,635)
External revenue	-	789,632,804	891,383	790,524,187
Cost of sales				
Segment cost of sales	-	(580,031,328)	(1,662,557)	(581,693,885)
Inter-segment cost of sales	-	2,650,753	80,400	2,731,153
External cost of sales	-	(577,380,575)	(l,582,157)	(578,962,732)
Gross profit/(loss)	-	212,252,229	(690,774)	211,561,455
Distribution cost	-	(44,459,942)	-	(44,459,942)
Segment profit/(loss)	-	167,792,287	(690,774)	167,101,513
Other income including finance income	1,664,066	2,632,008	326,520	4,622,594
Inter-segment	(345,726)	(481,403)	(184,236)	(1,011,365)
External other income	1,318,340	2,150,605	142,284	3,611,229
Other expenses including finance costs	(1,378,972)	(22,756,655)	(407,876)	(24,543,503)
Inter-segment	24,705	618,577	176,354	819,636
External other expenses	(1,354,267)	(22,138,078)	(231,522)	(23,723,867)
Changes in fair value of biological assets	-	21,402,364	-	21,402,364
(Loss)/Profit before tax	(35,927)	169,207,178	(780,012)	168,391,239
Included in the measure of segment gross profit is:				
Depreciation of property, plant and equipment, right-of-use assets and investment properties	-	16,529,539	876,974	17,406,513

32. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2020				
Revenue				
Segment revenue	26,000,000	464,988,855	2,069,458	493,058,313
Inter-segment revenue	(26,000,000)	(196,581)	(1,112,028)	(27,308,609)
External revenue	-	464,792,274	957,430	465,749,704
Cost of sales				
Segment cost of sales	-	(353,918,937)	(1,498,730)	(355,417,667)
Inter-segment cost of sales	-	263,160	80,400	343,560
External cost of sales	-	(353,655,777)	(1,418,330)	(355,074,107)
Gross profit/(loss)	-	111,136,497	(460,900)	110,675,597
Distribution cost	-	(25,262,058)	-	(25,262,058)
Segment profit/(loss)	-	85,874,439	(460,900)	85,413,539
Other income including finance income	2,463,656	2,995,603	273,043	5,732,302
Inter-segment	(1,250,176)	(1,187,356)	(225,382)	(2,662,914)
External other income	1,213,480	1,808,247	47,661	3,069,388
Other expenses including finance costs	(1,324,192)	(20,959,087)	(865,211)	(23,148,490)
Inter-segment	27,670	1,424,247	637,386	2,089,303
External other expenses	(1,296,522)	(19,534,840)	(227,825)	(21,059,187)
Changes in fair value of biological assets	-	15,630,971	-	15,630,971
(Loss)/Profit before tax	(83,042)	83,778,817	(641,064)	83,054,711
Included in the measure of segment gross profit is:				
Depreciation of property, plant and equipment, right-of-use assets and investment properties	-	14,029,211	880,271	14,909,482

NOTES TO THE FINANCIAL STATEMENTS

32. Segment reporting (continued)

	2021 RM	2020 RM
Segment assets		
Investment holding	437,617,021	417,650,655
Oil palm operations	842,848,555	767,617,256
Management services/Rental	22,269,929	24,535,968
Others	-	6,812
	1,302,735,505	1,209,810,691
Elimination	(328,052,415)	(331,803,387)
Total assets	974,683,090	878,007,304

Reconciliation of reportable segment revenue, profit or loss, assets and other material items

	2021 RM	2020 RM
Profit or loss		
Total segment profit for reportable segments	167,101,513	85,413,539
Depreciation of tangible assets	(1,394,326)	(1,294,248)
Finance costs	(811,052)	(1,625,155)
Finance income	2,088,788	1,816,045
Corporate expenses	(1,354,267)	(1,296,522)
Other expenses	(18,641,781)	(15,589,919)
Changes in fair value of biological assets	21,402,364	15,630,971
Consolidated profit before tax	168,391,239	83,054,711

Segment information is presented in respect of the Group's business segments. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

32. Segment reporting (continued)

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue 2021 RM	Revenue 2020 RM	Segment
Customer A	716,507,557	424,986,358	Cultivation of oil palm and processing of fresh fruit bunches
	==========	==========	

The major customer listed above collectively owe RM8,939,985 (2020: RM5,000,599) to the Group, equivalent to 68% (2020: 58%) of the total trade receivables.

33. Material litigations

(a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

(i) There is no concluded contract between the Defendants and SP Suai;
(ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;
(iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect;
(iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. The Court of Appeal heard the appeal on 10 December 2015, and ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

33. Material litigations (continued)

(a) The retrial of the case proceeded on 26 July 2016.

At the conclusion of the proceedings, the Court directed as follows:

(1) The parties are to file and exchange Written Submissions;
(2) Thereafter, the parties are to file Written Reply; and
(3) Counsels for the parties are to appear before the Court to go through their Submissions on 25 August 2016.

The Court allowed the Counsel for the Defendants' application for an extension of 2 weeks from 27 October 2016 to file the Written Submission and the same has to be filed on or before 10 November 2016. Thereafter, the parties may file Reply (if any) by 17 November 2016. Hearing of the Submissions is fixed on 28 November 2016.

The Court delivered its Judgement on 23 February 2017 as follows:

(i) Dismissed SP Suai's claim;
(ii) Allowed part of the Defendants' claim, namely SP Suai is prohibited from entering the 2 parcels of NCR Land and SP Suai has to vacate and remove its machineries, equipments and structures existing on the Defendants' 2 parcels of NCR land.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 9 March 2017 and an application for a stay of execution on 11 April 2017. The Court heard and allowed the application for a stay of execution on 9 June 2017. The Appeal came up for Case Management on 6 September 2017. The Court of Appeal fixed the hearing of the Appeal on 27 June 2018.

At the hearing of the Appeal on 27 June 2018, the Court of Appeal adjourned the same for Case Management to 10 July 2018. On 10 July 2018, the Court of Appeal directed the 1st Respondent's Advocates to file an application to substitute the deceased 1st Respondent within one month. The Court of Appeal has fixed hearing date of the Appeal on 15 April 2020 regardless of whether or not the deceased's 1st Respondent's family has decided on their representative to substitute the deceased.

The hearing fixed on 15 April 2020 had to be vacated in view of the COVID-19 Movement Control Order. Instead the case was fixed for case management by way of e-Review on 15 April 2020. On 15 April 2020, the Deputy Registrar of the Court of Appeal fixed the hearing of the Appeal on 23 September 2020 regardless of whether or not the deceased's 1st Respondent's family has decided on their representative to substitute the deceased.

33. Material litigations (continued)

(a) The Respondents' Advocates, had on 16 June 2020 filed a Notice of Motion to substitute the deceased 1st Respondent. At the hearing of the Notice of Motion on 15 July 2020, the Court granted an order in terms.

The Court of Appeal then fixed the Appeal for hearing on 24 November 2020. At the hearing of the Appeal proper on 24 November 2020, the Court allowed the Appeal and set aside the decision of the High Court given on 23 February 2017. The sealed Order of Court has been received.

(b) On 13 July 2016, the Company and SPAD were served with legal proceedings. Amongst other things, the Plaintiffs sought a declaration to the effect that they have acquired native customary rights and/or are the customary owners over land situated at/around all of Kampung Melugu Sri Aman.

The Company and SPAD had on 20 July 2016 entered appearance. On 10 August 2016, an application to strike out the Plaintiffs' Writ and Statement of Claim was filed and served the Plaintiffs. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD filed its appeal against the Court's said decision on 9 November 2016.

On 14 July 2017, the Court of Appeal dismissed the Company and SPAD's appeal with costs in the cause.

On 18 July 2017, the parties informed the Court of the verdict of the appeal hearing. The Company and SPAD also informed the Court of their intention to amend the 'Defence of the 1st and 2nd Defendants'. The Court fixed 18 August 2017 as the next mention date to monitor the progress of the application for amendment of the Defence of the 1st and 2nd Defendants.

On 28 August 2017, the Court had allowed the 1st and 2nd Defendants' application for amendment of the Defence. The Court on 20 September 2017 had given directions for the parties to file the bundle of documents and documents pertinent to the trial. The court fixed the case for trial from 21 May 2018 to 25 May 2018.

The Court gave its decision on 16 July 2018 as follows:

i) The Plaintiffs' action against the 1st, 2nd , 3rd and 4th Defendants is dismissed.
ii) Costs of RM40,000.00 is awarded to the 1st & 2nd Defendants and RM40,000.00 to the 3rd and 4th Defendants, all subject to payment of Allocatur fees.

On 3 August 2018, the Plaintiffs filed their appeal against the whole of the Court's decision delivered on 16 July 2018.

33. Material litigations (continued)

(b) At the last hearing date fixed on 21 February 2020, the Court of Appeal adjourned of the matter to be heard on 15 September 2020.

Since 21 February 2020, the case came up to for Case Management on 15 July 2020, 6 August 2020, 6 October 2020, 16 February 2021, 7 July 2021, 24 August 2021 and 13 October 2021.

On 13 October 2021, the Court of Appeal fixed the Appeal for hearing on 10 February 2022.

However, pursuant to a case management fixed on 6 December 2021, the Court of Appeal had rescheduled the hearing to 27 April 2022 and had also fixed another case management on 17 March 2022. On 17 March 2022, the Court of Appeal fixed another case management on 5 April 2022. There is no change to the hearing date of 27 April 2022.

The Directors, in consultation with the Company's advocates are of the opinion that the Company has strong merits in the case.

34. Winding up and striking off subsidiaries

During the financial year, the Group had voluntarily wound up Azaria Sdn. Bhd., a 75% owned subsidiary of the Company and had struck off Sarawak Plantation Property Development Sdn. Bhd., a wholly owned subsidiary of the Company.

	RM
Cash and cash equivalents	6,812
Other payables	(1,738)
Non-controlling interest	(1,268)
Net identifiable assets and liabilities	3,806
Net loss in winding up/striking off of subsidiaries	(3,806)
Consideration received, satisfied in cash	-

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

In the opinion of the Directors, the financial statements set out on pages 73 to 162 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 of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

....

Datuk Amar Abdul Hamed Bin Sepawi
Director

....

Dato Wong Kuo Hea
Director

Kuching,
Date: 24 MAR 2022

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

I, **Koay Bee Eng**, the officer primarily responsible for the financial management of Sarawak Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 162 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed, **Koay Bee Eng**, NRIC: 690102-07-5398, MIA CA12155, at Kuching in the State of Sarawak on 24 MAR 2022

....

Koay Bee Eng

Before me:

PESURUHJAYA SUMPAH
Q137
Evelyn Lau Sie Jiong
01.01.2021-31.12.2023
MALAYSIA

EVELYN LAU SIE JIONG
Commissioner For Oaths
No.10, Lot 663, Ground Floor
Lorong 2 Jalan Ong Tiang Swee
93200 Kuching, Sarawak.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

REGISTRATION NO. 199701035877 (451377-P)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sarawak Plantation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

1. Impairment of property, plant and equipment and bearer plants

   Refer to Note 2(c), Property, plant and equipment and 2(e), Bearer plants and Notes 3.2.1, Infrastructure work and 4.2, Impairment loss

The key audit matter	How the matter was addressed in our audit
Two subsidiaries of the Group, SPB Pelita Suai Sdn. Bhd. and Sarawak Plantation Agriculture Development Sdn. Bhd., recognised impairment losses of RM10,568,100 and RM8,788,239 on property, plant and equipment and bearer plants in prior years. Following the impairment reassessment, due to inability of the Group to harvest fresh fruit bunches from the encumbered areas of certain affected estates, the Group is not expected to generate any future cash inflows. Hence, an impairment loss of RM978,773 and RM1,010,274 on property, plant and equipment and bearer plants respectively are recognised during the year. We have identified this as a key audit matter because of the substancial effort required to demonstrate the ability to reclaim access to the encumbered areas.	We performed the following audit procedures, among others: i) We have obtained an understanding of the process in relation to the valuation of property, plant and equipment and bearer plants and evaluated the design and implementation of the corresponding controls identified. ii) We have obtained an understanding of the Group's process on the reclaim accesss to the encumbered areas. iii) We assessed the Group's determination of the cash generating unit by: • Checking the ownership of affected estates • Ascertaining that the encumbered areas excluded those accessible areas • Verifying the accessible areas to Area Statement and agreement signed with local natives. iv) We evaluated the Group's assumption made in its impairment assessment by: • Reading board minutes • Enquiring with key senior management on the Group's future plan on the encumbered areas. v) We considered the adequacy of the Group's disclosures in the financial statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company 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 gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' 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 6 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081–LCA & AF 0758)
Chartered Accountants

Lee Hean Kok
Approval Number: 02700/12/2023 J
Chartered Accountant

Kuching,

Date: 24 March 2022

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

According to the number of securities held in respect of Ordinary Shares:

Size of Shareholdings	No. of Shareholders / Depositors	% of Shareholders / Depositors	No. of Shares Held	% of Issued Capital
1 - 99	17	0.575	566	0.000
100 - 1000	652	22.072	512,743	0.183
1,001 - 10,000	1,640	55.518	7,775,002	2.787
10,001 - 100,000	522	17.671	16,670,239	5.975
100,001 - 13,951,609*	120	4.062	102,887,525	36.872
13,951,610 and above**	3	0.102	151,186,125	54.183
Total	2,954	100.000	279,032,200	100.000

* Less than 5% of Issued Shares ** 5% and above of Issued Shares

Top Thirty Shareholders

	Names	Holdings Number	%
1.	State Financial Secretary Sarawak	71,218,101	25.523
2.	Ta Ann Holdings Berhad	40,000,000	14.335
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Ta Ann Holdings Berhad	39,968,024	14.323
4.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd	12,924,400	4.631
5.	Yayasan Sarawak	11,604,939	4.158
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Bolhair Bin Reduan	10,599,285	3.798
7.	Amanah Khairat Yayasan Budaya Melayu Sarawak	7,354,801	2.635
8.	Dayak Cultural Foundation	5,019,400	1.798
9.	Lembaga Amanah Kebajikan Masjid Negeri Sarawak	5,000,000	1.791
10.	Palmhead Holdings Sdn Bhd	4,518,300	1.619
11.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Amanah Khairat Yayasan Budaya Melayu Sarawak	4,250,138	1.523

Top Thirty Shareholders (continued)

	Names	Holdings Number	%
12.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hasmi Bin Hasnan	2,955,700	1.059
13.	Ta Ann Holdings Berhad	2,681,900	0.961
14.	Cheng Ah Teck @ Cheng Yik Lai	1,850,000	0.663
15.	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	1,553,500	0.556
16.	Lambaian Kukuh Sdn Bhd	1,481,600	0.531
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kiu Kiong (6000710)	1,260,000	0.451
18.	CITIGROUP Nominees (Asing) Sdn Bhd UBS AG	1,058,800	0.379
19.	Tan Aik Choon	866,500	0.310
20.	HSBC Nominees (Asing) Sdn Bhd TNTC for Globeflex Emerging Markets Small Cap, L. P.	808,613	0.289
21.	Teoh Peng Lee	800,000	0.286
22.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kiu Kiong	773,100	0.277
23.	Maybank Nominees (Tempatan) Sdn Bhd Wong Tung Ann	772,000	0.276
24.	Trinity MMM Holdings Sdn Bhd	770,400	0.276
25.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Commonwealth of Pennsylvaniastate Employees' Retirement System	768,987	0.275
26.	Wong Kuo Hea	757,600	0.271
27.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS) (419511)	750,000	0.268
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siak Hwee (7001913)	743,600	0.266
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	700,000	0.250
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siak Hwee (7000153)	608,500	0.218

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Substantial Shareholders

Names of Substantial Shareholders	NRIC/ Registration No.	Malaysian/ Foreign	Nationality/ Country of Incorporation	Direct Holdings		Indirect Holdings (excluding bare trustees)	
				No.	%	No.	%
1. State Financial Secretary Sarawak	ORD211948	Malaysian	Malaysia	71,218,101	25.523	-	-
2. Ta Ann Holdings Berhad	419232K	Malaysian	Malaysia	42,681,900	15.296	-	-
3. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Ta Ann Holdings Berhad	102918-T	Malaysian	Malaysia	39,968,024	14.323	-	-
4. Datuk Amar Abdul Hamed bin Sepawi	490531-13-5129	Malaysian	Malaysian	200,000	0.072	82,650,924	29.621
5. Dato Wong Kuo Hea	511117-13-5553	Malaysian	Malaysian	757,600	0.272	87,538,124	31.372
6. Mountex Sdn Bhd	490017-P	Malaysian	Malaysian	-	-	82,649,924	29.620

Directors' Direct and Indirect Shareholding in the Company

Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
			No.	%	No.	%
1. Datuk Amar Abdul Hamed bin Sepawi	Executive Chairman	Malaysian	200,000	0.072	82,650,924	29.621
2. Dato Wong Kuo Hea	Executive Director	Malaysian	757,600	0.272	87,538,124	31.372
3. Hasmawati binti Sapawi	Non Executive Non Independent Director	Malaysian	-	-	-	-
4. Datu Haji Soedirman Haji Aini	Independent Director	Malaysian	42,000	0.015	-	-
5. Brigadier General Dato' Muhammad Daniel bin Abdullah	Independent Director	Malaysian	-	-	-	-
6. Chia Chu Fatt	Independent Director	Malaysian	-	-	-	-
7. Dato Awang Bemee bin Awang Ali Basah	Independent Director	Malaysian	-	-	-	-

Audit and Non Audit Fees

The amount of audit fees payable to the Company's auditors, KPMG PLT for the Group and the Company amounted to RM222,000 and RM60,000 respectively.

The amount of non audit fees incurred by the Company for services, for example tax compliance services and review of the Statement on Risk Management and Internal Control rendered by the external auditors, KPMG PLT and its affiliates to the Company and its subsidiaries during the financial year ended 31 December 2021 amounted to RM90,750 and RM25,000 for the Group and the Company, respectively.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the Directors and or major shareholders either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Recurrent Related Party Transactions ('RRPT')

Breakdown of recurrent related party transactions ('RRPT') of a revenue or trading nature conducted with Sarawak Plantation Agriculture Development Sdn. Bhd. (SPAD), the company's wholly owned subsidiary pursuant to the shareholders' mandate during the financial year is as follows:

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Danawa Resources Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi is a director and shareholder of SPB and also a major shareholder of Danawa Resources Sdn. Bhd.	Rental and support fee for satelite broadband services	199,081
Intuitive Systems Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB. Datuk Amar Abdul Hamed bin Sepawi's sister and Dato Wong Kuo Hea's son are directors and shareholders of Intuitive Systems Sdn. Bhd. Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of Palmhead Holdings Sdn. Bhd, a company which holds 55% equity interest in Intuitive Systems Sdn. Bhd. Palmhead Holdings Sdn. Bhd is a shareholder of SPB.	Software support, customisation and maintenance fee for EMS and purchase of IT equipment	569,690
KUB Sepadu Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi is a director and shareholder of SPB and also a shareholder of Medan Sepadu Sdn. Bhd, a company which holds 30% equity interest in KUB Sepadu Sdn. Bhd.	Purchase of FFB	4,232,659

OTHER COMPLIANCE INFORMATION

Recurrent Related Party Transactions ('RRPT') (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Manis Oil Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a company which holds 100% equity interest in Manis Oil Sdn. Bhd. and a substantial shareholder of SPB	Sale of FFB	31,450,920
Stonehead Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Stonehead Sdn. Bhd	Purchase of Down Crasher Run (DCR) stones	727,029
Butrasemari Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Palmhead Holdings Sdn. Bhd., a company which holds 100% equity interest in Butrasemari Sdn. Bhd. and a shareholder of SPB	Purchase of FFB	741,453
Ta Ann Plywood Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a company which holds 100% equity interest in Ta Ann Plywood Sdn. Bhd. and a substantial shareholder of SPB	Purchase of services, material and vehicle in relation to estate field activities	72,513
Ironhead Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 100% equity interest in Ironhead Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Purchase of equipments for estate field activities	641,600

Recurrent Related Party Transactions ('RRPT') (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Lik Shen Sawmill Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a company which holds 100% equity interest in Lik Shen Sawmill Sdn. Bhd. and a substantial shareholder of SPB	Purchase of sawn timber	201,979
Ta Ann Pelita Igan Plantation Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Tan Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 60% equity interest in Ta Ann Pelita Igan Plantation Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Purchase of services, material and vehicle in relation to estate field activities	-
TABM Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 100% equity interest in TABM Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Sale of palm kernel shell	1,437,853
TBS Oil Mill Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 55% equity interest in TBS Oil Mill Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Sale of FFB	17,259,081

Recurrent Related Party Transactions ('RRPT') (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Mega Bumimas Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which owns 100% equity interest in Mega Bumimas Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Purchase of FFB	692,328
Ta Ann Pelita Silas Plantation Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which owns 60% equity interest in Ta Ann Pelita Silas Plantation Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Purchase of FFB	540,589
Sebubu Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Palmhead Holdings Sdn. Bhd., a company which holds 100% equity interest in Sebubu Sdn. Bhd. and a shareholder of SPB	Purchase of FFB	492,631
PSS Oil Mill Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Palmhead Holdings Sdn. Bhd., a company which holds 100% equity interest in PSS Oil Mill Sdn. Bhd. and a shareholder of SPB	Purchase of FFB	2,215,467

Recurrent Related Party Transactions ('RRPT') (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Eagle Forest Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 60% equity interest in Eagle Forest Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Rental of office space	16,510
Ladang Selezu Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and directors and shareholders of Palmhead Holdings Sdn. Bhd; a company which holds 100% equity interest in Ladang Selezu and a shareholder of SPB	Purchase of FFB	563,494
Key Ta Trading Sdn. Bhd.	Dato Wong Kuo Hea is a director and shareholder of SPB and his brother is a shareholder of Key Ta Trading Sdn. Bhd. His sister is a director of Key Ta Trading Sdn. Bhd.	Purchase of spare parts, lubricants and fertilisers	1,609,527
Key Jaya Trading Sdn. Bhd.	Dato Wong Kuo Hea is a director and shareholder of SPB and his brother is a director and shareholder of Key Jaya Trading Sdn. Bhd.	Purchase of diesel	3,903,770
Acosafe Sdn. Bhd.	Dato Wong Kuo Hea is a director and shareholder of SPB and also a shareholder of Acotop Sdn. Bhd., a company which holds 45% equity interest in Acosafe Sdn. Bhd.	Insurance premium in relation to General (Non Motor) Insurance and Motor Insurance both for duration of 1 year	771,161

TOP 10 PROPERTIES

Registered Owner/Lessee	Estate/Address	Title/Location	Description	Approximate Age of Building (years)
SPAD	Bakau 6KM off KM24 Selangau-Matadeng Road	Lot 12, Blk 13, Bawan LD	Land and Building	1 - 9
	Pinji Mewah 45KM off KM53 Miri-Bintulu Road via Beluru Bakong Road	Lot 32, Blk 20, Puyut LD Lot 3, Blk 30, Puyut LD	Land and Building	2 - 6
	Matadeng 5KM off KM35 Selangau-Matadeng Road	Lot 5, Blk 15, Mukah LD	Land and Building	6 - 8
	Mukah 1 KM12, Selangau-Matadeng Road	Part of Lot 23, 25, 54 & 55 Blk 8, Sikat LD Part of Lot 55, Blk 8, Sikat LD	Land and Building Land and Building	2 - 39 6 - 41
	Bukut 18KM off KM20, Selangau-Matadeng Road	Lot 8 Blk 13 Bawan LD Lot 2 Blk 4 Buloh LD	Land and Building	1 - 8
	Tulai 3KM off KM20 Sibu/Sarikei Road	Lot 619, Blk 5, Tulai LD Lot 25, Tulai LD Lot 1281 Assan LD	Land and Building	5 - 16
	Subis 3 6KM off KM87 Miri-Bintulu Road	Part of Lot 15, 16 and 17, Blk 18, Niah LD, Part of Lot 4, Blk 8, Bukit Kisi LD	Land and Building	9 - 39
	Ladang Kosa 4KM off KM55 Miri - Bintulu Road	Lot 16, 17 Blk 14 Niah LD Lot 42 Blk 8 Bukit Kisi LD Lot 65 Blk 17 Niah LD Lot 3 Blk 16 Niah LD	Land and Building	6 - 38
	Peninjau 8KM off KM53 Miri - Bintulu Road	Lot 396, 397, 401, 483 and 486, Blk 2 Bukit Kisi LD	Land and Building	1 - 45
Telliana Oil Palm Sdn. Bhd.	Tugau 37KM off KM15, Sibu-Teku Road via Rantau Panjang Road	Lot 76, Blk 5, Retus LD	Land	-

SPAD - Sarawak Plantation Agriculture Development Sdn Bhd   Blk - Block   LD - Land District

TOP 10 PROPERTIES

Year of Acquisition	Tenure/Expiry of Lease	Existing use	Land Area (Ha)	Net book value as at 31 December 2021 Land and building (RM)	Bearer Plants & Infrastructure works (RM)	Total (RM)
2009	60 years/ 06.03.2067	Oil palm activities/ residential/ office/store	3,413	14,072,401	68,650,403	82,722,804
2016	60 years/ 07.12.2070/ 23.09.2068	Oil palm activities/ residential/ office/store	1,908	31,571,670	49,404,651	80,976,321
2009	60 years/ 06.03.2067	Oil palm activities/ residential/ office/store	1,848	9,035,467	42,468,336	51,503,803
1997	60 years/ 11.06.2049	Oil palm activities/ residential/ office/store	3,854	7,282,575	31,762,410	39,044,985
	60 years/ 11.06.2049	Mill/residential/ office/store	23	4,016,363	174,129	4,190,492
2009	60 years/ 06.03.2067 10.12.2066	Oil palm activities/ residential/ office/store	1,484	5,375,213	34,535,080	39,910,293
1997	60 years/ 07.05.2063/ 10 years/ 31.12.2023	Oil palm activities/ residential/ office/store	2,079	4,136,818	34,132,239	38,269,057
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/ office/store	2,568	898,572	36,198,773	37,097,345
1997	60 years/ 06.05.2043/ 16.07.2055	Oil palm activities/ residential/ office/store	2,844	2,022,505	34,583,838	36,606,343
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/ office/store	3,959	3,948,351	31,061,766	35,010,117
2016	60 years/ 28.09.2075	Vacant	3,050	27,079,405	3,339,193	30,418,598

Cautionary Statement Regarding Forward-looking Statements

This Annual Report contains some forward-looking statements in respect of the Company's financial condition, results of operations and business. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statements. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding Sarawak Plantation Berhad. The Board and the Company shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise between the time of publication of this Annual Report and the time of reading this Annual Report. The Board has however established a Risk Management Committee to mitigate as much as practicably possible the consequences of any uncertainties and contingencies. Further details can be found in the Corporate Governance Overview Statement as set out in this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting (AGM) of Sarawak Plantation Berhad will be held at The Space by iCube Tower B2 Level 4 ICOM Square Jalan Pending 93450 Kuching Sarawak on Friday, 27 May 2022 at 10am to transact the following businesses:

AGENDA:

Ordinary Business

1.	To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon	**Please refer to Explanatory Note 1**
2.	To approve payment of Directors' Fees up to an amount of RM707,000 in respect of the financial year ending 31 December 2022	**Resolution 1**
3.	To approve payment of Directors' benefits up to an amount of RM195,500 from 27 May 2022 up to the date of the next AGM	**Resolution 2**
4.	In accordance with Article 90 of the Company's Constitution, the following director retires from the Board and being eligible offers himself for re-election: Dato Awang Bemee bin Awang Ali Basah	**Resolution 3**
5.	In accordance with Article 91 of the Company's Constitution, the following directors retire from the Board and being eligible offer themselves for re-election:	
	Datuk Amar Abdul Hamed bin Sepawi	**Resolution 4**
	Brigadier General Dato' Muhammad Daniel bin Abdulllah (Retired)	**Resolution 5**
6.	To re-appoint Messrs. KPMG PLT as auditors for the Company and authorise the Directors to fix their remuneration	**Resolution 6**

SPECIAL BUSINESSES

To consider and if thought fit to pass the following as Ordinary Resolutions:

7. AUTHORITY TO ALLOT AND ISSUE SHARES — **Resolution 7**

"THAT pursuant to Section 76 of the Companies Act 2016 and subject always to approval of the relevant authorities, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the Issued Share Capital of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING

8. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE **Resolution 8**

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into RRPT of a Revenue or Trading Nature as set out in Appendix 1 of the Circular to Shareholders dated 21 April 2022 ("Circular") with the related parties mentioned therein which are necessary for the Group's day to day operations, subject to the following:

(a) That the RRPT are entered into on generally acceptable commercial terms not more favourable to the mandated related parties, they are at arm's length and are not prejudicial to the interests of the minority shareholders; and

(b) A disclosure of the aggregate amount of RRPT conducted pursuant to the Proposed Renewal and New Shareholders' Mandate shall be made in the Annual Report, including a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:

(i) The type of recurrent transactions made; and

(ii) The names of the related parties involved in each type of recurrent transaction made and their relationship with the Company

AND THAT such approval shall continue to be in force until:

(i) The conclusion of the next AGM of the Company;

(ii) The expiration of the period within which the next AGM of the Company subsequent to this date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) Revoked or varied by resolution passed by the shareholders in general meeting;

Whichever is the earlier

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for the period from this AGM to the next AGM."

9. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES **Resolution 9**

"THAT subject always to the Companies Act 2016 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby unconditionally authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that:

(a) The aggregate number of shares to be purchased and / or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(b) An amount not exceeding the Company's retained profits based on the latest audited financial statements be allocated for the proposed share buy back;

9. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES (continued) **Resolution 9**

(c) The Directors of the Company may decide in their discretion to cancel and / or retain the ordinary shares in the Company as Treasury Shares and subsequently distribute them as dividends, transfer the shares for the purposes of or under an employee share scheme that has been approved by the shareholders, transfer the shares as purchase consideration or resold on Bursa Malaysia Securities Berhad or be cancelled.

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalise and give effect to the proposed share buy back;

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this ordinary resolution, unless revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

10. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN

BY ORDER OF THE BOARD
TRINA TAN YANG LI (0666-KT032)
SSM Practicing Certificate No. 202008004432
Company Secretary
Kuching Sarawak
Dated this 21 April 2022

NOTES:

1. A Member including authorised nominees as defined under the provisions of the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote on his behalf at this AGM. Such proxy need not be a Member of the Company.
2. If a Member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, the instrument appointing a proxy must be in writing and deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32 Tower A Vertical Business Suite Avenue 3 Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for holding this AGM or any adjournment thereof.

   If there is any alteration to the instrument appointing a proxy, the same must be initialed.
5. In respect of deposited securities, only Members whose names appear in the Record of Depositors as at 20 May 2022 shall be eligible to attend, participate, speak and vote at this AGM.
6. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions in this Notice of AGM will be put to vote on a poll.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. **Audited Financial Statements**

   Pursuant to Section 340(1) of the Companies Act 2016, the Audited Financial Statements are meant for discussion only and do not require the shareholders' formal approval. Hence this item on the Agenda is not put forward for voting.

2. **Resolutions 3, 4 and 5 - Re-election of Directors**

   The profile of the Directors seeking re-election are found in the Board of Directors section of the Annual Report 2021.

   Datuk Amar Abdul Hamed bin Sepawi is the Executive Chairman. Both Dato Awang Bemee bin Awang Ali Basah and Brigadier General Dato' Muhammad Daniel bin Abdulllah (Retired) are Independent Non Executive Directors.

   The Nomination Committee had assessed the performance of all the Directors, their contribution and the Board Committees. An assessment of the independence of the Independent Directors were also carried out. All the independent directors satisfy the independent director definition of Bursa Malaysia Securities Berhad's Main Market Listing Requirements in that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

   The Nomination Committee is satisfied with the performance of all the Directors after having completed the assessment. The Board hence approved and supports the Nomination Committee's recommendation that the 2 Independant Non Executive directors be eligible for re-election and re-appointment and also supports the resolution that the Executive Chairman be eligible for re-election and re-appointment. All 3 of these directors abstained from deliberations at the Board Meeting regarding their eligibility to stand for re-election and re-appointment.

3. **Resolution 7 - Authority to Allot and Issue New Shares**

   This proposed resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM.

   The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 24th AGM held on 13 August 2021.

4. **Resolution 8 - Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature**

   This ordinary resolution, if passed, will authorise the Company and its subsidiaries to transact with mandated related parties for the period from this AGM till the next AGM. Please refer to Part I of the Circular to Shareholders dated 21 April 2022 for further details.

5. **Resolution 9 - Proposed Renewal of Authority to Purchase Own Shares**

   Please refer to Part II of the Statement to Shareholders dated 21 April 2022 for further details.

No. of shares:	
CDS Account no.:	

FORM OF PROXY

SARAWAK PLANTATION BERHAD
Registration No. 199701035877 (451377-P)
Incorporated in Malaysia

I / We ....

NRIC No. / ID No. / Company No .... (new) .... (old)

of ....

being a member of SARAWAK PLANTATION BERHAD, hereby appoint ....

NRIC No. / ID No. .... (new) .... (old)

of ....

or failing which the Chairman of the Meeting as my / our proxy / proxies to vote for me / us on my / our behalf at the 25th Annual General Meeting (AGM) of Sarawak Plantation Berhad which will be held at The Space by iCube Tower B2 Level 4 ICOM Square Jalan Pending 93450 Kuching Sarawak on Friday, 27 May 2022 at 10am or at any adjournment thereof, in the manner as indicated below:

RESOLUTIONS		FOR	AGAINST
Resolution 1	Approval of Directors' Fees for financial year ending 31 December 2022		
Resolution 2	Approval of Directors' Benefits from 27 May 2022 up to the date of the next AGM		
Resolution 3	Re-election of Director: Dato Awang Bemee bin Awang Ali Basah		
Resolution 4	Re-election of Director: Datuk Amar Abdul Hamed bin Sepawi		
Resolution 5	Re-election of Director: Brigadier General Dato' Muhammad Daniel bin Abdulllah (Retired)		
Resolution 6	Re-appointment of Auditors		
Special Businesses:			
Resolution 7	Authority to Allot and Issue Shares		
Resolution 8	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature		
Resolution 9	Proposed Renewal of Authority to Purchase Own Shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolutions specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy / proxies will vote or abstain from voting as he / she / they think fit.)

NOTES:

1. A Member including authorised nominees as defined under the provisions of the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote on his behalf at this AGM. Such proxy need not be a Member of the Company.
2. If a Member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If the appointer is a corporation, this proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, the instrument appointing a proxy must be in writing and deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32 Tower A Vertical Business Suite Avenue 3 Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for holding this AGM or any adjournment thereof.

   If there is any alteration to the instrument appointing a proxy, the same must be initialed.
5. In respect of deposited securities, only Members whose names appear in the Record of Depositors as at 20 May 2022 shall be eligible to attend, participate, speak and vote at this AGM.

Where proxies are appointed percentage of shareholdings to be requested are:

	No. of Shares	Pecentage
Proxy 1		
Proxy 2		
Total		100%

Dated this .... day of 2022

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

Fold line

STAMP

The Company Secretary
SARAWAK PLANTATION BERHAD
8th Floor, Wisma NAIM, 2½ Mile, Rock Road
93200 Kuching, Sarawak.
Tel: 082-233550 Email: spb@spbgroup.com.my

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www.spbgroup.com.my

REGISTERED OFFICE

8th Floor, Wisma NAIM, 2 1/2 Mile,
Rock Road, 93200 Kuching, Sarawak.
082-233550 spb@spbgroup.com.my

BUSINESS OFFICE

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Jalan Permaisuri, 98000 Miri, Sarawak.
085-413814 spb@spbgroup.com.my