

# FINANCIAL STATEMENTS

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Directors' Report	1
Statement by Directors	5
Statutory Declaration	5
Independent Auditors' Report	6
Income Statements	9
Statements of Comprehensive Income	10
Statements of Financial Position	11
Statements of Changes in Equity	13
Statements of Cash Flows	15
Accounting Policies	17
Notes to the Financial Statements Directors' Report	33



## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The Company is an Investment Holding Company and is also involved in oil palm plantation operations. The principal activities of the subsidiaries and associates are disclosed in Note 38 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year under review.

### RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Shareholders of the Company	42,381	88,617
Non-controlling interests	(6,709)	–
	35,672	88,617

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

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

### DIVIDENDS

During the financial year under review, the Company paid a fourth interim dividend of 3.30 sen per share totaling RM73,920,000 in respect of the financial year ended 31 December 2022 as declared in the Directors' report of that year.

The Directors have declared the following single tier dividends in respect of the financial year ended 31 December 2023:

	Dividend		Date declared	Date of payment
	Sen per share	RM'000		
First interim dividend	1.00	22,400	23 May 2023	23 June 2023

The Directors do not recommend the payment of any final dividend for the current financial year.

## DIRECTORS' REPORT

### DIRECTORS

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

Tan Sri Dato' Wira Aziah Ali	
Izaddeen Daud	
Fahmy Ismail	
(Dr.) Salihin Abang	
Lieutenant General Datuk Azizan Md Delin (R)	(Appointed on 20 April 2023)
Datuk Muhar Hussain	(Appointed on 23 August 2023)
Maj. Gen. Dato' Seri Haji Khairuddin Haji Abu Bakar (R) J.P.	(Deceased on 7 February 2024)

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

Ahmad Azhar Shah Ibrahim	
Ahmad Rahman Mat Akat	
Datuk Ago Anak Dagang	
Khairudin Ibrahim	
Mohamad Mahazir Mustaffa	
Datu Monaliza Zaidel	
Sebastian Anak Baya	(Appointed on 12 April 2023)
Bibi Umizah Othman	(Resigned on 13 March 2024)
Datu Monaliza Zaidel	

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary of a full-time employee of the Company or its related corporations as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a Company in which the Director has a substantial interest.

	Group RM'000	Company RM'000
Salaries	1,011	–
Fees	670	599
Defined contribution plans	288	31
Allowances	496	371
	2,465	1,001

## DIRECTORS' REPORT

### DIRECTORS' BENEFITS (CONT'D.)

Pursuant to Section 289 of the Companies Act 2016, the Company maintained a Directors' and Officers' Liability Insurance to provide appropriate insurance cover for the Directors and Officers of the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM15,000,000. The amount of insurance premium paid during the financial year was RM36,427.

### DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2023	Acquired	Sold	At 31.12.2023
<b>Boustead Plantations Berhad</b>				
Maj. Gen. Dato' Seri Haji Khairuddin Haji Abu Bakar (R) J.P.	53,000	–	(53,000)	–
Fahmy Ismail	1,000	–	(1,000)	–

Other than the above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

### HOLDING COMPANIES

On 15 November 2023, the immediate holding company has changed from Boustead Holdings Berhad, a company incorporated and domiciled in Malaysia, to Lembaga Tabung Angkatan Tentera, a Malaysian statutory body established under the Tabung Angkatan Tentera Act, 1973. On 23 January 2024, Boustead Plantations Berhad was delisted from the Main Market of Bursa Malaysia Securities Berhad following the acquisition by Lembaga Tabung Angkatan Tentera.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen that secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
  - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT AND SUBSEQUENT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant and subsequent events are disclosed in Note 34 to the financial statements.

### AUDITORS

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

Auditors' remuneration of the Group and the Company are RM1,376,000 and RM612,000 respectively, as disclosed in Note 5 to the financial statements.

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

**LIEUTENANT GENERAL DATUK AZIZAN MD DELIN (R)**

**(DR.) SALIHIN ABANG**

Kuala Lumpur  
5 April 2024

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lieutenant General Datuk Azizan Md Delin (R) and (Dr.) Salihin Abang, being two of the Directors of Boustead Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 9 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

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

**LIEUTENANT GENERAL DATUK AZIZAN MD DELIN (R)**

**(DR.) SALIHIN ABANG**

Kuala Lumpur  
5 April 2024

## STATUTORY DECLARATION

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

I, Mohamad Mahazir Mustaffa (CA 45704), being the officer primarily responsible for the financial management of Boustead Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 87 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 5 April 2024.

Before me

**MD HAMDAN BIN KAMARUDDIN**

**MOHAMAD MAHAZIR MUSTAFFA**

Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF BOUSTEAD PLANTATIONS BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of Boustead Plantations Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 9 to 87.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### *Basis for opinion*

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

#### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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.

#### *Information other than the financial statements and auditors' report thereon*

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the directors for the financial statements*

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

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

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF BOUSTEAD PLANTATIONS BERHAD (INCORPORATED IN MALAYSIA)

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF BOUSTEAD PLANTATIONS BERHAD (INCORPORATED IN MALAYSIA)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **ERNST & YOUNG PLT**

202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
5 April 2024

#### **HOH YOON HOONG**

No. 02990/08/2024 J  
Chartered Accountant

## INCOME STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>	4	<b>851,694</b>	1,176,948	<b>291,921</b>	413,850
Operating costs	5	<b>(749,843)</b>	(882,318)	<b>(218,712)</b>	(230,781)
Results from operations		<b>101,851</b>	294,630	<b>73,209</b>	183,069
Gain on disposal of plantation assets	6	–	458,743	–	458,743
Reversal/(allowance) for expected credit losses	7	–	–	<b>3,159</b>	(196,189)
Interest income	8	<b>2,990</b>	5,060	<b>86,812</b>	94,600
Finance costs	9	<b>(39,798)</b>	(34,275)	<b>(45,880)</b>	(40,198)
Share of results of associates		<b>5,601</b>	4,849	–	–
Profit before taxation and zakat		<b>70,644</b>	729,007	<b>117,300</b>	500,025
Taxation	10	<b>(31,432)</b>	(137,582)	<b>(25,143)</b>	(102,997)
Zakat		<b>(3,540)</b>	(2,629)	<b>(3,540)</b>	(2,629)
<b>Profit for the year</b>		<b>35,672</b>	588,796	<b>88,617</b>	394,399
Attributable to:					
Shareholders of the Company		<b>42,381</b>	595,311	<b>88,617</b>	394,399
Non-controlling interests		<b>(6,709)</b>	(6,515)	–	–
<b>Profit for the year</b>		<b>35,672</b>	588,796	<b>88,617</b>	394,399
<b>Earnings per share</b>					
Basic (sen)	11	<b>1.9</b>	26.6		

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

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit for the year</b>	<b>35,672</b>	588,796	<b>88,617</b>	394,399
<b>Other comprehensive (loss)/income</b>				
<i>Other comprehensive (loss)/income that will be classified to profit or loss in subsequent periods (net of tax):</i>				
Share of comprehensive (loss)/income of associates	(25)	12	-	-
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Remeasurement loss on defined benefit obligation	(492)	-	(499)	-
Total other comprehensive (loss)/income for the year, net of tax	(517)	12	(499)	-
<b>Total comprehensive income for the year, net of tax</b>	<b>35,155</b>	588,808	<b>88,118</b>	394,399
Attributable to:				
Shareholders of the Company	41,864	595,323	88,118	394,399
Non-controlling interests	(6,709)	(6,515)	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>35,155</b>	588,808	<b>88,118</b>	394,399

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

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,923,246	1,861,858	1,224,454	1,225,329
Right-of-use assets	14	1,836,059	1,868,776	182,612	184,350
Investment in subsidiaries	15	–	–	210,659	210,659
Investment in associates	16	29,135	30,535	3,355	3,330
Goodwill on consolidation	17	2,281	2,281	–	–
Deferred tax assets	18	2,276	2,765	–	–
Receivables	19	–	–	1,541,843	1,424,832
		3,793,097	3,766,215	3,162,923	3,048,500
Current assets					
Inventories	20	88,463	136,488	13,283	35,897
Biological assets	21	29,948	31,835	11,325	11,107
Receivables	19	43,009	133,333	52,830	190,263
Tax recoverable		10,003	2,243	–	–
Cash and bank balances	22	62,627	165,618	61,667	164,532
		234,050	469,517	139,105	401,799
Total assets		4,027,147	4,235,732	3,302,028	3,450,299

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

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	23	1,422,344	1,422,344	1,422,344	1,422,344
Non-distributable reserves	24	–	(273)	–	–
Retained profits	25	1,495,818	1,550,547	846,144	854,346
Equity attributable to equity holders of the parent		2,918,162	2,972,618	2,268,488	2,276,690
Non-controlling interests		(121,040)	(114,331)	–	–
Total equity		2,797,122	2,858,287	2,268,488	2,276,690
Non-current liabilities					
Borrowings	26	253,075	394,757	253,075	394,757
Deferred tax liabilities	18	302,669	299,327	88,121	84,275
Lease liabilities	27	6,836	7,233	1,041	1,383
Payables	28	7,710	6,774	5,852	4,983
		570,290	708,091	348,089	485,398
Current liabilities					
Borrowings	26	521,196	462,096	521,196	462,096
Lease liabilities	27	3,419	2,309	354	369
Payables	28	131,402	181,211	162,131	213,324
Taxation		3,718	23,738	1,770	12,422
		659,735	669,354	685,451	688,211
Total liabilities		1,230,025	1,377,445	1,033,540	1,173,609
Total equity and liabilities		4,027,147	4,235,732	3,302,028	3,450,299

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital RM'000	Non- distributable reserves RM'000	Distributable retained profits RM'000	Total equity attributable to equity holders of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>Group</b>						
At 1 January 2022	1,422,344	(285)	1,294,596	2,716,655	(107,816)	2,608,839
Profit for the year	-	-	595,311	595,311	(6,515)	588,796
Other comprehensive loss	-	12	-	12	-	12
Total comprehensive (loss)/income for the year	-	12	595,311	595,323	(6,515)	588,808
Transaction with owners: Dividends (Note 12)	-	-	(339,360)	(339,360)	-	(339,360)
At 31 December 2022	1,422,344	(273)	1,550,547	2,972,618	(114,331)	2,858,287
At 1 January 2023	<b>1,422,344</b>	<b>(273)</b>	<b>1,550,547</b>	<b>2,972,618</b>	<b>(114,331)</b>	<b>2,858,287</b>
Profit for the year	-	-	42,381	42,381	(6,709)	35,672
Other comprehensive loss	-	(25)	(492)	(517)	-	(517)
Total comprehensive income/(loss) for the year	-	(25)	41,889	41,864	(6,709)	35,155
Transfer to distributable retained profits	-	298	(298)	-	-	-
Transaction with owners: Dividends (Note 12)	-	-	(96,320)	(96,320)	-	(96,320)
At 31 December 2023	<b>1,422,344</b>	<b>-</b>	<b>1,495,818</b>	<b>2,918,162</b>	<b>(121,040)</b>	<b>2,797,122</b>

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital RM'000	Distributable retained profits RM'000	Total equity RM'000
<b>Company</b>			
At 1 January 2022	1,422,344	799,307	2,221,651
Profit for the year, representing total comprehensive income	–	394,399	394,399
Transaction with owners:			
Dividends (Note 12)	–	(339,360)	(339,360)
At 31 December 2022	1,422,344	854,346	2,276,690
At 1 January 2023	<b>1,422,344</b>	<b>854,346</b>	<b>2,276,690</b>
Profit for the year	–	<b>88,617</b>	<b>88,617</b>
Other comprehensive loss	–	<b>(499)</b>	<b>(499)</b>
Total comprehensive income/(loss) for the year	–	<b>88,118</b>	<b>88,118</b>
Transaction with owners:			
Dividends (Note 12)	–	<b>(96,320)</b>	<b>(96,320)</b>
At 31 December 2023	<b>1,422,344</b>	<b>846,144</b>	<b>2,268,488</b>

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

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>				
Cash receipts from customers	851,892	1,183,475	272,258	366,141
Cash paid to suppliers and employees	(627,512)	(746,798)	(191,180)	(192,071)
Cash generated from operations	224,380	436,677	81,078	174,070
Defined benefit obligations paid	(588)	(616)	(437)	(402)
Tax refund	2,537	48	2,363	–
Taxation and zakat paid	(52,158)	(115,855)	(28,449)	(64,975)
Net cash generated from operating activities	174,171	320,254	54,555	108,693
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(139,682)	(71,698)	(25,845)	(14,075)
Purchase of right-of-use assets	–	(540)	–	(193)
Net proceeds from disposal of property, plant and equipment and compulsory land acquisition	88,222	399,610	88,209	399,608
Real property gains tax paid	(9,245)	(39,477)	(9,245)	(39,477)
Dividends received	7,000	6,000	75,155	6,000
Interest received	2,995	5,056	86,842	93,654
Acquisition of additional shares in associates	(25)	–	(25)	–
Acquisition of subsidiary	–	–	–	(250)
Net cash (used in)/generated from investing activities	(50,735)	298,951	215,091	445,267

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



# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from financing activities</b>				
Dividends paid	(96,320)	(339,360)	(96,320)	(339,360)
Net drawdown/(repayment) of revolving credits	24,600	(94,100)	24,600	(94,100)
Repayment of term loans	(117,500)	(99,000)	(117,500)	(99,000)
Drawdown of term loans	9,500	35,500	9,500	35,500
Movement in subsidiaries balances, net	-	-	(136,548)	85,457
Payment of principal portion of lease liabilities	(3,401)	(2,092)	(357)	(17)
Interest paid	(43,306)	(36,453)	(55,886)	(58,999)
Transaction costs on borrowings	-	(270)	-	(270)
Net cash used in financing activities	(226,427)	(535,775)	(372,511)	(470,789)
Net (decrease)/increase in cash and cash equivalents	(102,991)	83,430	(102,865)	83,171
Cash and cash equivalents at beginning of year	165,605	82,175	164,519	81,348
Cash and cash equivalents at end of year	62,614	165,605	61,654	164,519
<b>Cash and cash equivalents at end of year</b>				
Cash and bank balances (Note 22)	62,627	165,618	61,667	164,532
Bank overdrafts (Note 26)	(13)	(13)	(13)	(13)
	62,614	165,605	61,654	164,519

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

## ACCOUNTING POLICIES

### (A) BASIS OF PREPARATION

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

The financial statements of the Group and the Company are prepared under the historical cost basis except as disclosed in the accounting policies below.

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

### (B) BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the Company and its subsidiaries.

The financial statements of the subsidiaries used for preparing the consolidated financial statements, are prepared for the same reporting period as the Company using consistent accounting policies.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment in the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Group, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

## ACCOUNTING POLICIES

### (B) BASIS OF CONSOLIDATION (CONT'D.)

#### **Business combinations**

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition. The accounting policy for goodwill is set out in Note (T).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

#### **Non-controlling interests**

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. Losses of a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

#### **Change in ownership interest of subsidiaries**

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

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

## ACCOUNTING POLICIES

### (B) BASIS OF CONSOLIDATION (CONT'D.)

#### **Business combinations under common control**

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values at the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any differences between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

The Group has elected no restatement of financial information in the consolidated financial statements for the periods prior to the combination of entities under common control.

#### **Investment in subsidiaries – separate financial statements**

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate income statement.

### (C) ASSOCIATES

An associate is defined as a company, not being a subsidiary or an interest in a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies. Details of the associate are as disclosed in Note 16.

On acquisition of an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

The Group's interest in associate is equity accounted. Under the equity method, investment in associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, less distribution received and any impairment in value of individual investment. Any change in other comprehensive income (OCI) of these investees is presented as part of the Group's OCI.

The consolidated statement of comprehensive income reflects the share of the associate's results after tax. Where there has been a change recognised directly in the equity of associate, the Group recognises its share of such change. Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. When the Group's share of losses exceeds its interest in associate, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

## ACCOUNTING POLICIES

### (C) ASSOCIATES (CONT'D.)

Where the financial year end of the associate is not coterminous with that of the Group, the share of results is arrived at using the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to the financial statements of the associate to ensure consistency of the accounting policies used with those of the Group. The most recent available financial statements of the associate are used by the Group in applying the equity method.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Impairment loss is recognised in profit or loss.

An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **Investment in associate – separate financial statements**

In the Company's separate financial statements, investment in associate is stated at cost less any impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

### (D) INVESTMENT IN JOINT OPERATION

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group and the Company as a joint operator recognise in relation to its interest in a joint operation:

- Its share of any assets held jointly;
- Its share of any liabilities incurred jointly;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its share of any expenses incurred jointly.

The Group and the Company account for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the assets, liabilities, revenue and expenses.

Profits and losses resulting from transactions between the Group and/or the Company and its joint operation are recognised in the Group's and the Company's financial statements only to the extent of the unrelated investors' interest in the joint operation.

## ACCOUNTING POLICIES

### (E) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

Freehold land is not amortised. Capital work-in-progress items are not available for use and thus not depreciated. Oil palms are classified as bearer plants. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity, maintenance and upkeep of oil palms are expensed to profit or loss. Depreciation for bearer plants commence when oil palms reach maturity.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values, over the term of their estimated useful lives as follows:

Bearer plants	22 years
Buildings	2 – 30 years
Plant and machinery	2 – 30 years
Motor vehicles	3 – 7 years
Furniture and equipment	2 – 15 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

### (F) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted for, as follows:

- (i) Produce stocks: deemed cost of consumable biological assets, cost of direct materials and labour, and a proportion of manufacturing overheads; and
- (ii) Consumable and nursery stocks: purchase cost on a weighted average basis and all incidental costs incurred in bringing the stocks into stores.

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

## ACCOUNTING POLICIES

### (G) BIOLOGICAL ASSETS

Biological assets comprise the produce growing on oil palms. Biological assets are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected fresh fruit bunches (FFB) harvest and the market price at reporting date of crude palm oil (CPO) and palm kernel (PK) adjusted for extraction rates less processing, harvesting and transportation costs.

### (H) CURRENCY CONVERSION

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in OCI and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the investment in foreign operations.

### (I) CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, cash and cash equivalents comprise cash and bank balances, and short-term deposits net of overdrafts which are subject to an insignificant risk of changes in value.

### (J) RESEARCH AND DEVELOPMENT

The Group's and the Company's research and development is undertaken through an associate, whereby contribution towards such activity is recognised as an expense as and when incurred.

## ACCOUNTING POLICIES

### (K) REVENUE

#### (i) Revenue from contracts with customers

The Group and the Company are principally involved in selling plantation produce and providing plantation agency services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that it is the principal in its revenue arrangements, except for the plantation agency services below, because it typically controls the goods or services before transferring them to the customer.

##### **Sale of plantations produce**

The Group's and the Company's plantation produce revenue are derived from sales of CPO, PK and FFB. Revenue from sale of plantation produce is recognised at the point in time when control of the goods is transferred to the customer.

There is no element of financing present as the Group's and the Company's sale of plantation produce are either on cash terms (immediate payment or advance payment not exceeding 30 days); or on credit terms of up to 30 days.

##### **Plantation agency services**

The Group's plantation agency services involve the provision of management and consultancy services to estates and mills.

The Group recognises revenue from plantation agency services over time, using an input method to measure the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Normal credit term is 30 days upon invoice being issued.

#### (ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Company is as follows:

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

### (L) CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

- Expected to be realised or intended to be sold and consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.



## ACCOUNTING POLICIES

### (L) CURRENT VERSUS NON-CURRENT CLASSIFICATION (CONT'D.)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### (M) PROVISIONS

Provisions are recognised when the Group and the Company have present obligations (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligations.

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

### (N) SHARE CAPITAL AND SHARE ISSUANCE EXPENSES

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

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

### (O) BORROWING COSTS

Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale, and in the case of bearer plants, when the oil palms reach maturity.

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

## ACCOUNTING POLICIES

### (P) TAXATION

#### Malaysian taxes

Taxation on the profit or loss for the year comprises current and deferred tax, and is recognised in the profit or loss. Current tax is the expected amount of taxes payable in respect of the taxable profit for the year including real property gains tax payable on disposal of properties and is measured using the tax rates that have been enacted or substantively enacted at the reporting date. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in OCI or directly in equity.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax credits carried forward and unused tax losses carried forward can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements. Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## ACCOUNTING POLICIES

### (Q) EMPLOYEE BENEFITS

#### (i) Short-term benefits

Short-term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

As required by law, the Group and the Company make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (iii) Defined benefit plans

The Group and the Company also pay defined benefits to the workers and staff of estates and mills in Peninsular Malaysia in accordance with agreement between the Malayan Agricultural Producers Association (MAPA) and the National Union of Plantation Workers (NUPW) as well as between MAPA and All Malayan Estates Staff Union (AMESU). These gratuity benefits are calculated based on the specified rates for each completed year of service.

The defined benefit liability is the aggregate of the present value of the defined benefit obligations (derived using a discount rate based on market yield at the valuation date of high quality corporate bonds for a duration of 3 to 15 years) adjusted for actuarial gains or losses and past service costs. There are no assets which qualify as plan assets as these are unfunded arrangements.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method taking into account various factors which includes mortality and disability rates, turnover rates, future salary increases and estimated future cash outflows.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as an expense in profit or loss. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group and the Company recognise related restructuring costs.

Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Net interest on the defined benefit liability is recognised as expense or income in profit or loss. Remeasurements comprising actuarial gains and losses are recognised immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

## ACCOUNTING POLICIES

### (R) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGU)).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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

### (S) LEASES

The Group and the Company assess at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

#### As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land are depreciated over the lease terms ranging from 15 to 999 years. Motor vehicles are depreciated over the lease terms of 5 years.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note (R).

## ACCOUNTING POLICIES

### (S) LEASES (CONT'D.)

#### As a lessee (cont'd.)

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### (T) GOODWILL

After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but instead, reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill allocated to the related CGU is monitored by management, usually at business segment level or statutory company level as the case may be. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

## ACCOUNTING POLICIES

### (U) FINANCIAL INSTRUMENTS

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

#### (i) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition and measured either at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables of the Group and the Company do not contain a significant financing component and therefore are measured at the transaction price determined under MFRS 15 Revenue from Contracts with Customers (MFRS 15).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as financial assets at amortised costs (debt instruments).

##### Financial assets at amortised cost (debt instruments)

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

The Group's and the Company's financial assets at amortised cost includes trade receivables, other receivables (excluding prepayments and GST receivables), loans to Group companies, and cash and bank balances.

## ACCOUNTING POLICIES

### (U) FINANCIAL INSTRUMENTS (CONT'D.)

#### (i) Financial assets (cont'd.)

##### **Derecognition**

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

##### **Impairment of financial assets**

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

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

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

The Group and the Company consider a financial asset in default when factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## ACCOUNTING POLICIES

### (U) FINANCIAL INSTRUMENTS (CONT'D.)

#### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables (excluding defined benefit obligations and other taxes payable), and loans and borrowings including bank overdrafts and lease liabilities.

##### Subsequent measurement

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

##### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### (iii) Offsetting of financial instruments

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



## ACCOUNTING POLICIES

### (V) CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

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

### (W) FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is an investment holding company and is also involved in oil palm plantation operations. The principal activities of the subsidiaries and associates are disclosed in Note 38.

The Company is a public limited liability company, incorporated and demiciled in Malaysia and was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia). The registered office of the Company is Level 23, The Bousteador, No. 10, Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor.

The Immediate Holding Company was Boustead Holdings Berhad (BHB), a public limited liability company. BHB is incorporated and domiciled in Malaysia and was listed on the Bursa Malaysia. The Ultimate Holding Corporation was Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established by the Tabung Angkatan Tentera Act, 1973.

On 15 November 2023, the immediate holding company changed from BHB to LTAT. On 23 January 2024, the Company was delisted from the Bursa Malaysia following the acquisition by LTAT. The Company is a Government-related entity by virtue of its relationship with LTAT.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 5 April 2024.

## 2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Company adopted the following new and amended Malaysian Financial Reporting Standards (MFRSs) mandatory for annual financial periods beginning on or after 1 January 2023:

### 2.1 Adoption of new standards effective 1 January 2023

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts (including amendments on initial Application on MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Amendments to MFRS 101 and MFRS Practise Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Modules Rules	1 January 2023

The adoption of the above new and amended MFRSs did not have any significant financial impact to the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Standards and interpretations issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current and Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

#### (a) Impairment of property, plant and equipment and right-of-use assets

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

Where the recoverable amounts of CGU or groups of CGU is determined on the basis of FVLCD, the fair values are based on valuations by independent professional valuers which were derived from comparisons with recent transactions involving other similar vacant agricultural land in the vicinity, size, tenure of title and the related valuation adjustments made by independent professional valuers, and from the income capitalisation method derived using assumptions on fresh fruit bunches (FFB) yields, long term average crude palm oil (CPO) prices, cost of production and an appropriate rate of return over the cropping life of the oil palms. Changes to any of these assumptions would affect the amount of impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

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

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

The estimation of the recoverable amount involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The accumulated impairment losses are disclosed in Notes 13 and 14.

#### (b) Impairment of goodwill

The Group tests for impairment of goodwill annually and at any other time when such indicators exist. This requires an estimation of VIU of the assets or CGU to which the goodwill is allocated. Estimating the VIU requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The carrying amount of goodwill as at 31 December 2023 was RM2,281,000 (2022: RM2,281,000) as disclosed in Note 17.

#### (c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and agricultural allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, allowances and deductible temporary differences can be utilised. The recognition of deferred tax assets is based upon the likely timing and level of future taxable profits together with tax planning strategies. Deferred tax assets not recognised on unused tax losses, capital and agricultural allowances of the Group amounted to RM447,141,000 (2022: RM437,302,000) at the reporting date as disclosed in Note 18.

#### (d) Fair value of biological assets

Biological assets represent the produce growing on oil palms. FFB are harvested from the oil palms for use in the production of CPO and palm kernel (PK). The growing produce are essentially FFB prior to harvesting.

An oil palm fruit typically starts to develop oil from about 14 to 15 weeks after pollination. The oil content in the fruit increases exponentially over the next 5 weeks and reaches its maximum at about 22 weeks.

Management considered the maturity stages of FFB and concluded that unripen FFB of up to 3 to 4 weeks would be used in the computation of the fair value of biological assets.

The fair value of the growing produce is determined on the basis of present value of expected future cash flows which takes into consideration the production and estimated selling prices of CPO and PK adjusted for extraction rates, processing, harvesting and transport costs. The carrying amount of biological assets is disclosed in Note 21.

If the tonnage of unripen FFB vary by 10%, the fair value of the Group's and Company's biological assets would increase or decrease by RM2,995,000 (2022: RM3,184,000) and RM1,132,000 (2022: RM1,111,000) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. REVENUE

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers					
– Sale of plantation produce	4(a)	851,008	1,176,206	271,037	359,291
– Plantation agency services	4(a)	686	742	–	–
Revenue from other sources	4(b)	–	–	20,884	54,559
		851,694	1,176,948	291,921	413,850

#### (a) Disaggregated revenue from contracts with customers

##### Geographical markets

Peninsular Malaysia	355,332	462,413	241,251	323,447
Sabah	447,316	592,831	29,786	35,844
Sarawak	49,046	121,704	–	–
	851,694	1,176,948	271,037	359,291

##### Timing of revenue recognition

Goods transferred at a point in time	851,008	1,176,206	271,037	359,291
Services rendered over time	686	742	–	–
	851,694	1,176,948	271,037	359,291

#### (b) Revenue from other sources

Gross dividends received/receivable from				
– Subsidiaries	–	–	13,740	54,415
– Associates	–	–	7,000	–
Sundry income	–	–	144	144
	–	–	20,884	54,559

#### (c) Performance obligations

Contracts with customers are mainly for sales of FFB, crude palm oil, palm kernel or for provision of plantation management services with no other performance obligation included therein. A performance obligation is satisfied upon delivery of the produce to the palm oil mill or refinery. Plantation management services are normally performed over the contracted period of service.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. OPERATING COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Changes in inventories of produce stocks	13,078	(15,086)	5,625	(5,746)
Changes in fair value net of transfers to produce stocks (Note 21)	1,887	15,211	(218)	3,811
Raw materials, consumables and other direct costs	252,367	371,956	70,416	80,522
Staff costs	306,388	288,656	77,256	73,261
Defined contribution plan	12,612	11,993	2,969	2,781
Unfunded defined benefit plan (Note 29)	877	785	649	529
Depreciation of property, plant and equipment (Note 13)	83,225	89,980	27,667	27,787
Depreciation of right-of-use assets (Note 14)	37,375	35,927	1,738	1,363
Other operating costs	42,034	82,896	32,610	46,473
	<b>749,843</b>	<b>882,318</b>	<b>218,712</b>	<b>230,781</b>
Other operating costs include:				
Auditors' remuneration				
– Current year	935	935	346	346
– Prior year	–	(3)	–	–
Other services				
– Current year	441	264	266	264
Directors' remuneration				
– Fees	670	1,083	599	1,083
– Allowance	166	379	166	379
Research and development	16,042	16,472	16,042	16,472
Provision for obsolete stock (Note 20)	–	476	–	–
Reversal of allowance for expected credit losses on other receivables (Note 19 (ii))	(21)	(32)	(20)	(30)
Property, plant and equipment written off (Note 13)	1,709	4,964	305	1,215
Windfall levy	13,041	44,689	6,479	17,697
The directors' benefits as follows:				
Salaries	1,011	1,481	–	–
Fees	670	1,083	599	1,083
Defined contribution plans	288	352	31	2
Allowances	496	1,177	371	393
	<b>2,465</b>	<b>4,093</b>	<b>1,001</b>	<b>1,478</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. GAIN ON DISPOSAL OF PLANTATION ASSETS

In the previous year, the Group and the Company have disposed the following assets:

- (i) On 28 September 2021, CIMB Islamic Trustee Berhad, acting solely as trustee for BPlant entered into a sale and purchase agreement (SPA) with SIPP Power Sdn Bhd for the disposal of 5 parcels of freehold land in Kulai Young estate held under GRN 229629 Lot 3564, HSD 64784 PTD 109021, HSD 64789 PTD 109026, HSD 64796, PTD 109033 and HSD 64797 PTD 109034 all within Mukim of Kulai, District of Kulai, Johor measuring 663.98 hectares for a total cash consideration of RM428.8 million. The sale of the land was completed on 27 January 2022. The net gain on disposal was recognised at RM364.1 million.
- (ii) On 22 July 2022, CIMB Islamic Trustee Berhad, acting solely as trustee for BPlant entered into a SPA with Nur Solar Sdn Bhd for the disposal of land in Bukit Mertajam estate held under Geran Mukim 577, Lot 15 and Geran 39039, Lot 1314 and partial of land under Geran 32397, Lot 277 Mukim Padang China, Daerah Kulim, Kedah measuring 300 acres for a total cash consideration of RM98.0 million. The condition precedents as stated in the SPA had been fulfilled on 20 December 2022. The net gain on disposal was recognised at RM90.9 million.
- (iii) Compulsory land acquisition by government on certain parcel of land in Telok Sengat Estate for the purpose of road construction for a cash compensation of RM4.9 million. The net gain on disposal was recognised at RM3.7 million.

### 7. NET REVERSAL/(ALLOWANCE) FOR EXPECTED CREDIT LOSSES

	Company	
	2023	2022
	RM'000	RM'000
Loan to non-wholly owned subsidiaries (Note 19)		
– Allowance for the year	(5,872)	(196,189)
– Reversal allowance for the year	9,031	–
	<b>3,159</b>	<b>(196,189)</b>

During the financial year, the management had identified and recognised an allowance for expected credit losses of RM5,872,000 (2022: RM196,189,000) on the net carrying amount of the loans to non-wholly owned subsidiaries as they are not expected to be recoverable in the near future.

### 8. INTEREST INCOME

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income				
– Subsidiaries	–	–	83,825	89,542
– Financial institutions	2,653	4,536	2,650	4,534
– Others	337	524	337	524
	<b>2,990</b>	<b>5,060</b>	<b>86,812</b>	<b>94,600</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 9. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses				
– Financial institutions	41,799	36,178	41,799	36,178
– Subsidiaries	–	–	3,788	3,573
– Joint operation partner	674	599	674	599
– Lease liabilities (Note 27)	404	166	51	5
	42,877	36,943	46,312	40,355
Add: Amortisation of transaction costs on borrowings	818	797	818	797
Less: Interest capitalised (Note 13(c))	(3,897)	(3,465)	(1,250)	(954)
	39,798	34,275	45,880	40,198

## 10. TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax				
– Charge for the year	27,809	94,523	21,028	55,882
– (Over)/under provision in prior year	(263)	(528)	111	(443)
	27,546	93,995	21,139	55,439
Deferred tax (Note 18)				
– Origination and reversal of temporary differences	3,972	(3,960)	4,026	(1,104)
– Over provision in prior year	(86)	(1,175)	(22)	(60)
	3,886	(5,135)	4,004	(1,164)
Real property gains tax	–	48,722	–	48,722
	31,432	137,582	25,143	102,997



## NOTES TO THE FINANCIAL STATEMENTS

### 10. TAXATION (CONT'D.)

Reconciliations of the taxation applicable to profit before taxation and zakat at the statutory rate of 24% (2022: 24%) to the tax expense of the Group and the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before taxation and zakat	<b>70,644</b>	729,007	<b>117,300</b>	500,025
Taxation at statutory tax rate of 24% (2022: 24%)	<b>16,955</b>	174,962	<b>28,152</b>	120,006
Effect of Cukai Makmur (2022: 33%)	-	8,695	-	8,695
Effects of share of results of associates	<b>(1,344)</b>	(1,164)	-	-
Effects of income subject to different tax rates	-	(109,204)	-	(109,204)
Income not subject to tax	<b>(370)</b>	(912)	<b>(5,302)</b>	(13,971)
Non-deductible expenses	<b>18,547</b>	20,563	<b>6,572</b>	53,837
Tax incentives	<b>(4,368)</b>	(4,585)	<b>(4,368)</b>	(4,585)
Deferred tax assets not recognised	<b>2,361</b>	2,208	-	-
(Over)/under provision of taxation in prior year	<b>(263)</b>	(528)	<b>111</b>	(443)
Over provision of deferred tax in prior year	<b>(86)</b>	(1,175)	<b>(22)</b>	(60)
Real property gains tax	-	48,722	-	48,722
Taxation for the year	<b>31,432</b>	137,582	<b>25,143</b>	102,997

### 11. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing profit attributable to ordinary equity holders of the Company of RM42,381,000 (2022: RM595,311,000) by the weighted average number of ordinary shares in issue during the year of 2,239,999,895 (2022: 2,239,999,895). The Group does not have any potential dilutive ordinary shares for financial years ended 31 December 2023 and 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS

## 12. DIVIDENDS

	Amount		Dividend per ordinary share	
	2023 RM'000	2022 RM'000	2023 Sen	2022 Sen
Dividends on ordinary shares in respect of the current financial year				
– First interim declared on 23 May 2023 and paid on 23 June 2023	22,400	–	1.00	–
– First interim declared on 23 May 2022 and paid on 24 June 2022	–	163,520	–	7.30
– Second interim declared on 23 August 2022 and paid on 27 September 2022	–	61,600	–	2.75
– Third interim declared on 22 November 2022 and paid on 22 December 2022	–	24,640	–	1.10
	<b>22,400</b>	249,760	<b>1.00</b>	11.15
Dividends on ordinary shares in respect of the previous financial year				
– Fourth interim declared on 21 February 2023 and paid on 22 March 2023	73,920	–	3.30	–
– Fourth interim declared on 21 February 2022 and paid on 22 March 2022	–	89,600	–	4.00
	<b>73,920</b>	89,600	<b>3.30</b>	4.00
	<b>96,320</b>	339,360	<b>4.30</b>	15.15

The Directors do not recommend the payment of any final dividend for the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Group</b>							
<b>2023</b>							
<b>Cost</b>							
At 1 January	1,082,810	1,001,552	343,078	325,674	70,675	117,332	2,941,121
Additions	-	99,511	8,067	12,780	9,692	16,104	146,154
Disposals	-	-	-	-	-	(671)	(671)
Transfers from/(to) group companies	-	-	495	44	20	(922)	(363)
Reclassification	-	-	633	1,825	-	(2,458)	-
Write off	-	(58,547)	(265)	-	-	(327)	(59,139)
At 31 December	1,082,810	1,042,516	352,008	340,323	80,387	129,058	3,027,102
<b>Accumulated depreciation</b>							
At 1 January	-	426,013	165,410	205,027	55,501	70,699	922,650
Charge for the year	-	43,090	13,907	17,706	5,143	5,954	85,800
Disposals	-	-	-	-	-	(658)	(658)
Write off	-	(28,767)	(265)	-	-	(202)	(29,234)
At 31 December	-	440,336	179,052	222,733	60,644	75,793	978,558
<b>Accumulated impairment losses</b>							
At 1 January	-	122,942	7,019	2	6	26,644	156,613
Write off	-	(28,196)	-	-	-	-	(28,196)
Adjustment	-	(498)	(2,621)	-	-	-	(3,119)
At 31 December	-	94,248	4,398	2	6	26,644	125,298
<b>Net carrying amount</b>							
At 31 December	1,082,810	507,932	168,558	117,588	19,737	26,621	1,923,246

During the current and previous financial year, the Group acquired property, plant and equipment by cash. Included in total additions is borrowing costs capitalised of RM3,897,000 (2022: RM3,465,000).

The depreciation charge for plant and equipment which were exclusively used for replanting activities, was capitalised as additions for immature bearer plants amounting to RM2,575,000 (Note 13(c)) during the year.

## NOTES TO THE FINANCIAL STATEMENTS

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Group</b>							
<b>2022</b>							
<b>Cost</b>							
At 1 January	1,090,673	993,893	349,246	321,667	70,354	117,069	2,942,902
Additions	–	40,705	4,826	13,541	11,289	4,802	75,163
Disposals	(7,863)	(1,582)	–	–	–	(81)	(9,526)
Transfers to group companies	–	–	–	–	–	(9)	(9)
Reclassification	–	–	605	2,537	–	(3,142)	–
Write off	–	(31,464)	(11,599)	(12,071)	(10,968)	(1,307)	(67,409)
At 31 December	1,082,810	1,001,552	343,078	325,674	70,675	117,332	2,941,121
<b>Accumulated depreciation</b>							
At 1 January	–	396,440	159,017	197,738	60,850	66,954	880,999
Charge for the year (Note 5)	–	47,601	14,137	18,473	4,770	4,999	89,980
Disposals	–	(982)	–	–	–	(55)	(1,037)
Write off	–	(17,046)	(7,744)	(11,184)	(10,119)	(1,190)	(47,283)
Transfers to group companies	–	–	–	–	–	(9)	(9)
At 31 December	–	426,013	165,410	205,027	55,501	70,699	922,650
<b>Accumulated impairment losses</b>							
At 1 January	–	135,695	9,216	59	160	26,645	171,775
Write off	–	(12,753)	(2,197)	(57)	(154)	(1)	(15,162)
At 31 December	–	122,942	7,019	2	6	26,644	156,613
<b>Net carrying amount</b>							
At 31 December	1,082,810	452,597	170,649	120,645	15,168	19,989	1,861,858

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Company</b>							
<b>2023</b>							
<b>Cost</b>							
At 1 January	952,065	341,440	99,669	50,258	24,141	4,935	1,472,508
Additions	-	18,606	1,914	1,741	2,385	2,449	27,095
Transfer to group companies	-	-	-	-	-	3	3
Reclassification	-	-	518	771	-	(1,289)	-
Write off	-	(6,929)	-	-	-	-	(6,929)
At 31 December	952,065	353,117	102,101	52,770	26,526	6,098	1,492,677
<b>Accumulated depreciation</b>							
At 1 January	-	133,358	44,739	27,103	19,588	3,110	227,898
Transfer from group companies	-	-	-	-	-	1	1
Charge for the year (Note 5)	-	17,879	4,861	3,025	1,340	562	27,667
Write off	-	(6,624)	-	-	-	-	(6,624)
At 31 December	-	144,613	49,600	30,128	20,928	3,673	248,942
<b>Accumulated impairment losses</b>							
At 1 January/31 December	-	19,281	-	-	-	-	19,281
<b>Net carrying amount</b>							
At 31 December	952,065	189,223	52,501	22,642	5,598	2,425	1,224,454

During the current and previous financial year, the Company acquired property, plant and equipment by cash. Included in the total additions is the borrowing costs capitalised of RM1,250,000 (2022: RM954,000).

## NOTES TO THE FINANCIAL STATEMENTS

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Company</b>							
<b>2022</b>							
<b>Cost</b>							
At 1 January	959,928	335,936	100,683	51,399	21,340	5,027	1,474,313
Additions	–	10,016	318	746	3,389	560	15,029
Disposals	(7,863)	(1,582)	–	–	–	(72)	(9,517)
Transfer to group companies	–	–	–	–	–	(3)	(3)
Reclassification	–	–	290	–	–	(290)	–
Write off	–	(2,930)	(1,622)	(1,887)	(588)	(287)	(7,314)
At 31 December	952,065	341,440	99,669	50,258	24,141	4,935	1,472,508
<b>Accumulated depreciation</b>							
At 1 January	–	118,498	40,735	25,736	18,831	3,162	206,962
Charge for the year (Note 5)	–	18,471	4,927	2,918	1,297	174	27,787
Disposals	–	(982)	–	–	–	(48)	(1,030)
Write off	–	(2,629)	(923)	(1,551)	(540)	(178)	(5,821)
At 31 December	–	133,358	44,739	27,103	19,588	3,110	227,898
<b>Accumulated impairment losses</b>							
At 1 January	–	19,559	–	–	–	–	19,559
Write off	–	(278)	–	–	–	–	(278)
At 31 December	–	19,281	–	–	–	–	19,281
<b>Net carrying amount</b>							
At 31 December	952,065	188,801	54,930	23,155	4,553	1,825	1,225,329

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The other assets consist of office equipment, computers, laboratory equipment and buildings, plant and machinery under construction. The cost of buildings, plant and machinery under construction amounted to RM16,549,000 (2022: RM11,888,000) and RM719,000 (2022: RM1,427,000) for the Group and the Company respectively.
- (b) The freehold land of the Company with carrying amount of RM646,870,000 (2022: RM646,870,000) are held by CIMB Islamic Trustee Berhad, acting as trustee for the Company.
- (c) Movement of bearer plants

	Mature RM'000	Immature RM'000	Total RM'000
<b>Group</b>			
<b>2023</b>			
<b>Cost</b>			
At 1 January	925,798	75,754	1,001,552
Additions	–	99,511	99,511
Reclassification	7,450	(7,450)	–
Write off	(58,547)	–	(58,547)
At 31 December	874,701	167,815	1,042,516
<b>Accumulated depreciation</b>			
At 1 January	426,013	–	426,013
Charge for the year	43,090	–	43,090
Write off	(28,767)	–	(28,767)
At 31 December	440,336	–	440,336
<b>Accumulated impairment losses</b>			
At 1 January	122,942	–	122,942
Write off	(28,196)	–	(28,196)
Adjustment	(498)	–	(498)
At 31 December	94,248	–	94,248
<b>Net carrying amount</b>			
At 31 December	340,117	167,815	507,932

Included in the additions of the bearer plants of the Group is the borrowing costs of RM3,897,000 (Note 9) capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation is 4.59%.

The depreciation charge for plant and equipment which were exclusively used for replanting activities, was capitalised as additions for immature bearer plants amounting to RM2,575,000 during the year.

## NOTES TO THE FINANCIAL STATEMENTS

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

## (c) Movement of bearer plants (cont'd.)

	Mature RM'000	Immature RM'000	Total RM'000
<b>Group</b>			
<b>2022</b>			
<b>Cost</b>			
At 1 January	925,724	68,169	993,893
Acquisition of Boustead Tawai Estates	–	40,705	40,705
Additions	(1,582)	–	(1,582)
Reclassification	33,120	(33,120)	–
Write off	(31,464)	–	(31,464)
At 31 December	925,798	75,754	1,001,552
<b>Accumulated depreciation</b>			
At 1 January	396,440	–	396,440
Charge for the year	47,601	–	47,601
Disposals	(982)	–	(982)
Write off	(17,046)	–	(17,046)
At 31 December	426,013	–	426,013
<b>Accumulated impairment losses</b>			
At 1 January	135,429	266	135,695
Reclassification	266	(266)	–
Write off	(12,753)	–	(12,753)
At 31 December	122,942	–	122,942
<b>Net carrying amount</b>			
At 31 December	376,843	75,754	452,597

Included in the additions of the bearer plants of the Group is the borrowing costs of RM3,465,000 (Note 9) capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation is 4.22%.



## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(c) Movement of bearer plants (cont'd.)

	Mature RM'000	Immature RM'000	Total RM'000
<b>Company</b>			
<b>2023</b>			
<b>Cost</b>			
At 1 January	313,668	27,772	341,440
Additions	–	18,606	18,606
Reclassification	5,125	(5,125)	–
Write off	(6,929)	–	(6,929)
At 31 December	311,864	41,253	353,117
<b>Accumulated depreciation</b>			
At 1 January	133,358	–	133,358
Charge for year	17,879	–	17,879
Write off	(6,624)	–	(6,624)
At 31 December	144,613	–	144,613
<b>Accumulated impairment losses</b>			
At 1 January/31 December	19,281	–	19,281
<b>Net carrying amount</b>			
At 31 December	147,970	41,253	189,223

Included in the additions of the bearer plants of the Company is the borrowing costs of RM1,250,000 (Note 9) capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation is 4.40%.

## NOTES TO THE FINANCIAL STATEMENTS

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

## (c) Movement of bearer plants (cont'd.)

	Mature RM'000	Immature RM'000	Total RM'000
<b>Company</b>			
<b>2022</b>			
<b>Cost</b>			
At 1 January	307,911	28,025	335,936
Additions	–	10,016	10,016
Disposals	(1,582)	–	(1,582)
Reclassification	10,269	(10,269)	–
Write off	(2,930)	–	(2,930)
At 31 December	313,668	27,772	341,440
<b>Accumulated depreciation</b>			
At 1 January	118,498	–	118,498
Charge for the year	18,471	–	18,471
Disposals	(982)	–	(982)
Write off	(2,629)	–	(2,629)
At 31 December	133,358	–	133,358
<b>Accumulated impairment losses</b>			
At 1 January	19,559	–	19,559
Impairment losses for the year (Note 7)	(278)	–	(278)
At 31 December	19,281	–	19,281
<b>Net carrying amount</b>			
At 31 December	161,029	27,772	188,801

Included in the additions of the bearer plants of the Company is the borrowing costs of RM954,000 (Note 9) capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation is 4.22%.

## NOTES TO THE FINANCIAL STATEMENTS

### 14. RIGHT-OF-USE ASSETS

	Building RM'000	Motor vehicles RM'000	Land RM'000	Total RM'000
<b>Group</b>				
<b>2023</b>				
<b>Cost</b>				
At 1 January	4,244	8,555	2,069,030	2,081,829
Additions	6,027	329	–	6,356
Adjustment	(4,005)	162	770	(3,073)
At 31 December	6,266	9,046	2,069,800	2,085,112
<b>Accumulated depreciation</b>				
At 1 January	1,703	595	195,348	197,646
Charge for the year (Note 5)	1,902	1,765	33,708	37,375
Adjustment	(1,703)	–	328	(1,375)
At 31 December	1,902	2,360	229,384	233,646
<b>Accumulated impairment losses</b>				
At 1 January/31 December	–	–	15,407	15,407
<b>Net carrying amount</b>				
At 31 December	4,364	6,686	1,825,009	1,836,059
	Building RM'000	Motor vehicles RM'000	Land RM'000	Total RM'000
<b>Group</b>				
<b>2022</b>				
<b>Cost</b>				
At 1 January	–	2,037	2,069,030	2,071,067
Additions	4,244	6,518	–	10,762
At 31 December	4,244	8,555	2,069,030	2,081,829
<b>Accumulated depreciation</b>				
At 1 January	–	226	161,493	161,719
Charge for the year (Note 5)	1,703	369	33,855	35,927
At 31 December	1,703	595	195,348	197,646
<b>Accumulated impairment losses</b>				
At 1 January/31 December	–	–	15,407	15,407
<b>Net carrying amount</b>				
At 31 December	2,541	7,960	1,858,275	1,868,776

## NOTES TO THE FINANCIAL STATEMENTS

## 14. RIGHT-OF-USE ASSETS (CONT'D.)

	Motor vehicles RM'000	Land RM'000	Total RM'000
<b>Company</b>			
<b>2023</b>			
<b>Cost</b>			
At 1 January/31 December	1,962	190,752	192,714
<b>Accumulated depreciation</b>			
At 1 January	22	8,342	8,364
Charge for the year (Note 5)	392	1,346	1,738
At 31 December	414	9,688	10,102
<b>Net carrying amount</b>			
At 31 December	1,548	181,064	182,612
	Motor vehicles RM'000	Land RM'000	Total RM'000
<b>Company</b>			
<b>2022</b>			
<b>Cost</b>			
At 1 January	–	190,752	190,752
Additions	1,962	–	1,962
At 31 December	1,962	190,752	192,714
<b>Accumulated depreciation</b>			
At 1 January	–	7,001	7,001
Charge for the year (Note 5)	22	1,341	1,363
At 31 December	22	8,342	8,364
<b>Net carrying amount</b>			
At 31 December	1,940	182,410	184,350

## NOTES TO THE FINANCIAL STATEMENTS

### 14. RIGHT-OF-USE ASSETS (CONT'D.)

- (a) As at 31 December 2023, the right-of-use assets of the Group with carrying amount of RM55,509,000 (2022: RM57,570,000) are subleased from the registered owners for the subsidiaries.
- (b) As at 31 December 2023, the right-of-use assets of the Company with carrying amount of RM181,065,000 (2022: RM182,411,000) are held by CIMB Islamic Trustee Berhad acting as trustee for the Company.
- (c) As at 31 December 2023, the right-of-use assets of the Group and the Company with carrying amount of RM6,686,000 (2022: RM7,960,000) and RM1,548,000 (2022: RM1,940,000) are held under hire purchase arrangements.
- (d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation expense of right-of-use assets (Note 5)	37,375	35,927	1,738	1,363
Interest expenses on lease liabilities (Note 9)	404	166	51	5
Total amount recognised in profit or loss	37,779	36,093	1,789	1,368

The Group and the Company had total cash outflows for leases of RM3,805,000 (2022: RM2,798,000) and of RM408,000 (2022: RM215,00) respectively.

### 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<b>Unquoted shares in Malaysia</b>		
<b>Cost</b>		
At 1 January	306,772	306,522
Additional	–	250
31 December	306,772	306,772
<b>Accumulated impairment losses</b>		
At 1 January/31 December	96,113	96,113
<b>Net carrying amount</b>		
At 31 December	210,659	210,659

The Group's interest in subsidiaries and their principal activities are disclosed in Note 38 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### Subsidiaries with material non-controlling interests

The Group regards Boustead Pelita Kanowit Sdn Bhd (BPK), Boustead Pelita Tinjar Sdn Bhd (BPT) and Boustead Pelita Kanowit Oil Mill Sdn Bhd (BPKOM) as subsidiaries that have material non-controlling interests. These subsidiaries are incorporated and operated in Malaysia.

The summarised financial information of BPK, BPT and BPKOM before inter-company eliminations is provided below.

	BPK		BPT		BPKOM	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Equity interest held by non-controlling interests	40	40	40	40	40	40

(i) Summarised statements of comprehensive income

	BPK		BPT		BPKOM	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	28,334	49,474	14,755	63,967	36,297	60,476
Loss for the year	(8,131)	(10,581)	(5,534)	(3,531)	(3,107)	(2,177)
Attributable to:						
Shareholders of the Company	(4,879)	(6,349)	(3,320)	(2,119)	(1,864)	(1,306)
Non-controlling interests	(3,252)	(4,232)	(2,214)	(1,412)	(1,243)	(871)
	(8,131)	(10,581)	(5,534)	(3,531)	(3,107)	(2,177)

## NOTES TO THE FINANCIAL STATEMENTS

### 15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### Subsidiaries with material non-controlling interests (cont'd.)

##### (ii) Summarised statements of financial position

	BPK		BPT		BPKOM	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current assets	<b>14,175</b>	16,844	<b>26,630</b>	28,384	<b>9,442</b>	10,065
Current assets	<b>4,017</b>	19,124	<b>6,842</b>	8,662	<b>23,673</b>	41,188
Total assets	<b>18,192</b>	35,968	<b>36,472</b>	37,046	<b>33,115</b>	51,253
Current liabilities, representing total liabilities	<b>251,615</b>	260,931	<b>38,896</b>	33,775	<b>3,676</b>	18,650
Net (liabilities)/assets	<b>(233,423)</b>	(224,963)	<b>(2,424)</b>	3,271	<b>29,439</b>	32,603
Attributable to:						
Shareholders of the Company	<b>(132,930)</b>	(127,722)	<b>29,920</b>	33,401	<b>17,642</b>	19,563
Non-controlling interests	<b>(100,493)</b>	(97,241)	<b>(32,344)</b>	(30,130)	<b>11,797</b>	13,040
	<b>(233,423)</b>	(224,963)	<b>(2,424)</b>	3,271	<b>29,439</b>	32,603

##### (iii) Summarised statements of cash flows

	BPK		BPT		BPKOM	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net cash generated from/(used in):						
Operating activities	<b>9,711</b>	1,376	<b>(1,375)</b>	111	<b>(17,278)</b>	10,265
Investing activities	<b>(329)</b>	–	<b>(3,182)</b>	(241)	<b>703</b>	801
Financing activities	<b>(9,463)</b>	(1,383)	<b>4,629</b>	124	<b>16,566</b>	(11,057)
Net (decrease)/increase in cash and cash equivalents	<b>(81)</b>	(7)	<b>72</b>	(6)	<b>(9)</b>	10

## NOTES TO THE FINANCIAL STATEMENTS

## 16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost				
At 1 January	3,330	3,330	3,330	3,330
Addition	25	–	25	–
At 31 December	3,355	3,330	3,355	3,330
Share of post acquisition reserves	25,780	27,205	–	–
	29,135	30,535	3,355	3,330
Equity interest in associates	50%	50%	50%	50%

The summarised financial information represents the amounts in the financial statements of associates and not the Group's share of those amounts.

## (a) Summarised statements of comprehensive income:

	2023 RM'000	2022 RM'000
Revenue	61,203	59,152
Profit for the year	11,250	9,698
Other comprehensive (loss)/income	(50)	24
Total comprehensive income	11,200	9,722
Dividend declared and payable during the year	14,000	–

## (b) Summarised statements of financial position:

	2023 RM'000	2022 RM'000
Non-current assets	27,749	28,443
Current assets	139,434	90,831
Non-current liabilities	(2,654)	(3,329)
Current liabilities	(106,259)	(54,875)
Net assets	58,270	61,070



## NOTES TO THE FINANCIAL STATEMENTS

### 16. INVESTMENT IN ASSOCIATES (CONT'D.)

(c) Reconciliation of summarised financial information to the net assets of associates:

	2023 RM'000	2022 RM'000
Net assets at 1 January	61,070	51,348
Profit for the year	11,250	9,698
Other comprehensive (loss)/income	(50)	24
Dividend payable	(14,000)	–
Net assets at 31 December	58,270	61,070
Carrying value of Group's investment in associates	29,135	30,535

### 17. GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from the acquisition of a subsidiary that is principally involved in oil palm cultivation. At reporting date, the recoverable amount of goodwill was determined on the basis of value-in-use calculation using five year cash flow projections approved by the Board of Directors. The pre-tax discount factor of 11% (2022: 11%) reflects the specific risks of the industry.

Based on the sensitivity analysis, management believes that no reasonably possible change in base case key assumptions would cause the carrying value of the goodwill to exceed its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

## 18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	(296,562)	(302,095)	(84,275)	(85,837)
Recognised in profit or loss (Note 10)	(3,886)	5,135	(4,004)	1,164
Recognised in other comprehensive income	155	–	158	–
Disposal of plantation assets	–	398	–	398
At 31 December	(300,293)	(296,562)	(88,121)	(84,275)
Presented after appropriate offsetting as follows:				
Deferred tax assets	2,376	2,765	–	–
Deferred tax liabilities	(302,669)	(299,327)	(88,121)	(84,275)
	(300,293)	(296,562)	(88,121)	(84,275)

## Deferred tax liabilities – Group

	Right-of-use assets RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
1 January 2023	(153,855)	(154,020)	(7,640)	(315,515)
Recognised in profit or loss	2,098	(20,875)	451	(18,326)
At 31 December 2023	(151,757)	(174,895)	(7,189)	(333,841)
1 January 2022	(156,332)	(149,148)	(11,290)	(316,770)
Recognised in profit or loss	2,477	(5,270)	3,650	857
Disposal of plantation assets	–	398	–	398
At 31 December 2022	(153,855)	(154,020)	(7,640)	(315,515)

## NOTES TO THE FINANCIAL STATEMENTS

### 18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

#### Deferred tax assets – Group

	Lease liabilities RM'000	Unused tax losses RM'000	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
1 January 2023	416	45	9,486	9,006	18,953
Recognised in profit or loss	744	13,963	2,434	(2,701)	14,440
Recognised in other comprehensive income	–	–	–	155	155
At 31 December 2023	1,160	14,008	11,920	6,460	33,548
1 January 2022	1,043	149	11,913	1,570	14,675
Recognised in profit or loss	(627)	(104)	(2,427)	7,436	4,278
At 31 December 2022	416	45	9,486	9,006	18,953

#### Deferred tax liabilities – Company

	Right-of-use assets RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
1 January 2023	(13,130)	(71,649)	(2,665)	(87,444)
Recognised in profit or loss	78	(3,639)	(52)	(3,613)
At 31 December 2023	(13,052)	(75,288)	(2,717)	(91,057)
1 January 2022	(13,209)	(70,543)	(3,580)	(87,332)
Recognised in profit or loss	79	(1,504)	915	(510)
Disposal of plantation assets	–	398	–	398
At 31 December 2022	(13,130)	(71,649)	(2,665)	(87,444)

## NOTES TO THE FINANCIAL STATEMENTS

### 18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

#### Deferred tax assets – Company

	Lease liabilities RM'000	Others RM'000	Total RM'000
1 January 2023	(20)	3,189	3,169
Recognised in profit or loss	47	(438)	(391)
Recognised in other comprehensive income	–	158	158
At 31 December 2023	27	2,909	2,936
1 January 2022	–	1,495	1,495
Recognised in profit or loss	(20)	1,674	1,674
At 31 December 2022	(20)	3,169	3,169

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed capital and agricultural allowances	71,846	70,718
Unused tax losses	375,295	366,584
	447,141	437,302

Deferred tax assets have not been recognised in respect of these items because of the uncertainty of available taxable profits to enable the utilisation of unused tax losses and unabsorbed capital and agricultural allowances.

The unused tax losses and unabsorbed capital and agricultural allowances of the Group are available for offsetting against future taxable profits subject to the Income Tax Act, 1967 and guidelines issued by the tax authority.

The Ministry of Finance via Finance Bill 2021 announced that the unused tax losses carried forward shall be extended from a maximum period of 7 to 10 consecutive years of assessment. This amendment is deemed to have effect for the year of assessment 2019 and subsequent years of assessment.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
<b>Trade</b>				
Trade receivables	33,248	33,446	7,012	3,397
<b>Other</b>				
Estate receivables	4,506	4,302	1,020	1,041
Wholly owned subsidiaries				
– Loan	–	–	35,616	34,788
– Current account	–	–	7,549	7,574
Other related companies	180	184	2	2
Associates	1,738	4,269	274	277
Amount due from joint operation partner				
– Current account	497	215	497	215
Prepayments and deposits	704	838	37	37
Workers' housing scheme	327	347	327	347
Dividend receivables	–	–	–	54,415
Sundry receivables	2,193	1,928	823	308
Balance from disposal of land (Note(a))	–	88,209	–	88,209
	10,145	100,292	46,145	187,213
Less: Allowance for expected credit losses	(384)	(405)	(327)	(347)
	9,761	99,887	45,818	186,866
	43,009	133,333	52,830	190,263
<b>Non-current</b>				
<b>Other</b>				
Loans to wholly owned subsidiaries	–	–	1,541,843	1,424,832
Loans to non-wholly owned subsidiaries	–	–	268,030	271,189
Less: Allowance for expected credit losses	–	–	(268,030)	(271,189)
	–	–	1,541,843	1,424,832
<b>Total receivables (current and non-current)</b>	<b>43,009</b>	<b>133,333</b>	<b>1,594,673</b>	<b>1,615,095</b>
Add: Cash and bank balances (Note 22)	62,627	165,618	61,667	164,532
Less: Prepayments	(481)	(225)	(2)	(2)
<b>Total financial assets carried at amortised cost (debt instruments)</b>	<b>105,155</b>	<b>298,726</b>	<b>1,656,338</b>	<b>1,779,625</b>

- (a) On 22 July 2022, CIMB Islamic Trustee Berhad, acting solely as trustee for BPlant entered into a SPA with Nur Solar Sdn Bhd for the disposal of land in Bukit Mertajam estate held under Geran Mukim 577, Lot 15 and Geran 39039, Lot 1314 and partial of land under Geran 32397, Lot 277 Mukim Padang China, Daerah Kulim, Kedah measuring 300 acres for a total cash consideration of RM98.0 million, BPlant has received 10% amounting to RM9.8 million upon signing the SPA.

The condition precedents as stated in the SPA had been fulfilled on 20 December 2022. The full remaining balances of cash consideration were received on 10 February 2023.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. RECEIVABLES (CONT'D.)

#### Trade receivables

Trade receivables are non-interest bearing and are on 30-day (2022: 30-day) credit terms. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Neither past due nor impaired	32,331	32,377	7,003	3,393
Past due				
– 1 to 30 days	829	430	9	–
– 31 to 60 days	79	161	–	–
– 61 to 90 days	3	157	–	4
– > 90 days	6	321	–	–
	917	1,069	9	4
	33,248	33,446	7,012	3,397

#### Other related companies

Loans to wholly-owned and non-wholly owned subsidiaries (current and non-current) are unsecured, repayable on demand and bear interest ranging from 5.5% to 6.5% (2022: 5.5% to 6.5%) per annum.

Amounts due from Immediate Holding Company, other related companies, associates and current accounts of wholly owned and non-wholly owned subsidiaries are unsecured, interest-free and repayable on demand.

#### Other receivables – current and non-current

##### (i) Maturity analysis of non-current receivables

	Company	
	2023 RM'000	2022 RM'000
<b>Due between 2 to 5 years:</b>		
Loans to wholly owned subsidiaries	1,541,843	1,424,832
Loans to non-wholly owned subsidiaries	268,030	271,189
	1,809,873	1,696,021

## NOTES TO THE FINANCIAL STATEMENTS

### 19. RECEIVABLES (CONT'D.)

#### Other receivables – current and non-current (cont'd.)

##### (ii) Allowance for expected credit losses of other receivables

The allowance for expected credit losses of other receivables for the Group of RM384,000 (2022: RM405,000) and for the Company of RM327,000 (2022: RM347,000) is analysed as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current</b>				
Workers' housing scheme	327	347	327	347
Other receivable				
– Cost of construction of pond	57	58	–	–
	<b>384</b>	<b>405</b>	<b>327</b>	<b>347</b>

Movement in allowance for expected credit losses of other receivables:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current</b>				
At 1 January	405	437	347	377
Reversal during the year (Note 5)	(21)	(32)	(20)	(30)
At 31 December	<b>384</b>	<b>405</b>	<b>327</b>	<b>347</b>

##### (iii) Loans to subsidiaries that is impaired

Movement in allowance for expected credit losses of loans to non-wholly owned subsidiaries:

	Company	
	2023 RM'000	2022 RM'000
At 1 January	271,189	75,000
(Net reversal)/allowance for expected credit losses (Note 7)	(3,159)	196,189
At 31 December	<b>268,030</b>	<b>271,189</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 20. INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Produce stocks	28,227	41,305	2,493	8,118
Consumables	30,752	64,367	6,669	21,670
Nursery stocks	29,960	31,292	4,121	6,109
	88,939	136,964	13,283	35,897
Provision for obsolete stock (Note 5)	(476)	(476)	-	-
	88,463	136,488	13,283	35,897

Movement in provision for obsolete stock:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	476	-
Provision for the year (Note 5)	-	476
At 31 December	476	476

The cost of inventories recognised as an expense for the financial year amounted to RM641,649,000 (2022:RM729,881,000) and RM187,984,000 (2022:RM184,849,000) for the Group and for the Company respectively.

### 21. BIOLOGICAL ASSETS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	31,835	47,046	11,107	14,918
Changes in fair value net of transfers to produce stocks (Note 5)	(1,887)	(15,211)	218	(3,811)
At 31 December	29,948	31,835	11,325	11,107

The biological assets of the Group and of the Company represent fresh fruit bunches (FFB) of 3 to 4 weeks prior to harvesting. The quantity of the unharvested FFB included in the valuation for the Group and the Company are 51,200 (2022: 49,177) metric tonnes and 18,146 (2022: 17,232) metric tonnes respectively. The expected net cash flows are estimated using the expected FFB harvest and market price at reporting date of crude palm oil and palm kernel adjusted for extraction rates less processing, harvesting and transportation costs. The fair valuation of biological assets corresponds with Level 3 of the fair value hierarchy.



## NOTES TO THE FINANCIAL STATEMENTS

### 22. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	13,599	53,425	12,639	52,339
Short-term deposits with licensed banks	49,028	112,193	49,028	112,193
	<b>62,627</b>	165,618	<b>61,667</b>	164,532

At the reporting date, the weighted average interest rate per annum and average remaining maturity period of short-term deposits are as follows:

	Group and Company	
	2023	2022
Weighted average interest rate (%)	3.53	3.16
Average remaining maturity period (days)	26	27

Included in cash and bank balances of the Group and the Company is overnight placement with a licensed bank of RM7,310,000 (2022 : RM39,721,000). The overnight deposits earned interest of 1.75% (2022 : 1.25%) per annum.

### 23. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:</b>				
At 1 January/31 December	<b>2,239,999</b>	2,239,999	<b>1,422,344</b>	1,422,344

### 24. NON-DISTRIBUTABLE RESERVES

	Non-distributable reserve RM'000
At 1 January 2022	(285)
Exchange differences on translation of associates	12
At 31 December 2022 and 1 January 2023	(273)
Exchange differences on translation of associates	(25)
Transfer to distributable retained profits	298
At 31 December 2023	-

### 25. RETAINED PROFITS

The Company's retained profits are distributable by way of single tier dividends.

## NOTES TO THE FINANCIAL STATEMENTS

## 26. BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Short-term borrowings</b>				
<b>Unsecured:</b>				
Bank overdrafts	13	13	13	13
Revolving credits	370,000	345,400	370,000	345,400
Term loans	152,000	117,500	152,000	117,500
Transaction costs on borrowings	(817)	(817)	(817)	(817)
	<b>521,196</b>	462,096	<b>521,196</b>	462,096
<b>Long-term borrowings</b>				
<b>Unsecured:</b>				
Term loans	254,000	396,500	254,000	396,500
Transaction costs on borrowings	(925)	(1,743)	(925)	(1,743)
	<b>253,075</b>	394,757	<b>253,075</b>	394,757
<b>Total borrowings</b>				
Bank overdrafts	13	13	13	13
Revolving credits	370,000	345,400	370,000	345,400
Term loans	406,000	514,000	406,000	514,000
Transaction costs on borrowings	(1,742)	(2,560)	(1,742)	(2,560)
	<b>774,271</b>	856,853	<b>774,271</b>	856,853
<b>Analysis by maturity:</b>				
– within 1 year	521,196	462,096	521,196	462,096
– from 2 to 5 years	233,095	374,316	233,095	374,316
– over 5 years	19,980	20,441	19,980	20,441
	<b>774,271</b>	856,853	<b>774,271</b>	856,853

- (a) The Group's and the Company's bank overdrafts bear interest at 7.57% (2022: 7.32%) per annum.
- (b) The Group's and the Company's revolving credits bear interest at a weighted average rate of 4.44% (2022: 3.73%) per annum.
- (c) Include in term loans of the Group and of the Company of RM406,000,000 (2022: RM514,000,000) is an Islamic term loan of the Group and of the Company of RM126,000,000 (2022: RM189,000,000) which bears an average profit rate of 5.50% (2022: 4.69%) per annum. The remaining term loans of the Group and of the Company of RM280,000,000 (2022: RM325,000,000) bears interest rates which range from 4.85% to 5.60% (2022: 3.42% to 5.15%) per annum.
- (d) All borrowings are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities

	At 1 January 2023 RM'000	Cash flows RM'000	Reclassifi- cation RM'000	Charged to profit or loss RM'000	At 31 December 2023 RM'000
<b>Group</b>					
<b>Short-term borrowings:</b>					
Revolving credits	345,400	24,600	–	–	370,000
Term loans	117,500	(117,500)	152,000	–	152,000
Transaction costs on borrowings	(817)	–	(818)	818	(817)
	462,083	(92,900)	151,182	818	521,183
<b>Long-term borrowings:</b>					
Term loans	396,500	9,500	(152,000)	–	254,000
Transaction costs on borrowings	(1,743)	–	818	–	(925)
	856,840	(83,400)	–	818	774,258
<b>Company</b>					
<b>Short-term borrowings:</b>					
Revolving credits	345,400	24,600	–	–	370,000
Term loans	117,500	(117,500)	152,000	–	152,000
Transaction costs on borrowings	(817)	–	(818)	818	(817)
	462,083	(92,900)	151,182	818	521,183
<b>Long-term borrowings:</b>					
Term loans	396,500	9,500	(152,000)	–	254,000
Transaction costs on borrowings	(1,743)	–	818	–	(925)
	856,840	(83,400)	–	818	774,258

## NOTES TO THE FINANCIAL STATEMENTS

## 26. BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities (cont'd.)

	At 1 January 2022 RM'000	Cash flows RM'000	Reclassifi- cation RM'000	Charged to profit or loss RM'000	At 31 December 2022 RM'000
<b>Group</b>					
<b>Short-term borrowings:</b>					
Revolving credits	439,500	(94,100)	–	–	345,400
Term loans	99,000	(99,000)	117,500	–	117,500
Transaction costs on borrowings	(779)	–	(817)	779	(817)
	537,721	(193,100)	116,683	779	462,083
<b>Long-term borrowings:</b>					
Term loans	478,500	35,500	(117,500)	–	396,500
Transaction costs on borrowings	(2,308)	(270)	817	18	(1,743)
	1,013,913	(157,870)	–	797	856,840
<b>Company</b>					
<b>Short-term borrowings:</b>					
Revolving credits	439,500	(94,100)	–	–	345,400
Term loans	99,000	(99,000)	117,500	–	117,500
Transaction costs on borrowings	(779)	–	(817)	779	(817)
	537,721	(193,100)	116,683	779	462,083
<b>Long-term borrowings:</b>					
Term loans	478,500	35,500	(117,500)	–	396,500
Transaction costs on borrowings	(2,308)	(270)	817	18	(1,743)
	1,013,913	(157,870)	–	797	856,840

## NOTES TO THE FINANCIAL STATEMENTS

### 27. LEASE LIABILITIES

	Building RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>			
<b>2023</b>			
<b>Non-current</b>			
Lease liabilities	2,652	4,184	6,836
<b>Current</b>			
Lease liabilities	1,784	1,635	3,419
Total lease liabilities	4,436	5,819	10,255
<b>2022</b>			
<b>Non-current</b>			
Lease liabilities	1,657	5,576	7,233
<b>Current</b>			
Lease liabilities	837	1,472	2,309
Total lease liabilities	2,494	7,048	9,542

Set out below are the movements during the year:

	Building RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>			
<b>2023</b>			
At 1 January	2,494	7,048	9,542
Additions	6,027	329	6,356
Adjustment	(2,209)	(33)	(2,242)
Accretion of interest (Note 9)	210	194	404
Payments	(2,086)	(1,719)	(3,805)
Total lease liabilities	4,436	5,819	10,255
<b>2022</b>			
At 1 January	–	1,412	1,412
Additions	4,244	5,978	10,222
Accretion of interest (Note 9)	104	62	166
Payments	(1,854)	(404)	(2,258)
Total lease liabilities	2,494	7,048	9,542

## NOTES TO THE FINANCIAL STATEMENTS

## 27. LEASE LIABILITIES (CONT'D.)

	Building RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>			
<b>2023</b>			
Maturity of lease liabilities:			
Not later than 1 year	1,784	1,635	3,419
Later than 1 year and not later than 2 years	1,784	1,598	3,382
Later than 2 years and not later than 5 years	868	2,586	3,454
	<b>4,436</b>	<b>5,819</b>	<b>10,255</b>

**2022**

Maturity of lease liabilities:			
Not later than 1 year	837	1,472	2,309
Later than 1 year and not later than 2 years	748	1,788	2,536
Later than 2 years and not later than 5 years	909	3,788	4,697
	<b>2,494</b>	<b>7,048</b>	<b>9,542</b>

The average interest rates (per annum) as at the reporting date for lease liabilities is as follow:

	2023 %	2022 %
Lease liabilities	<b>2.70%</b>	2.70%

Change in liabilities arising from financing activities:

	Non-current RM'000	Current RM'000	Total RM'000
<b>Group</b>			
At 1 January 2023	7,233	2,309	9,542
Additions	2,447	3,909	6,356
Reclassification	(1,187)	1,187	-
Adjustment	(1,657)	(585)	(2,242)
Accretion of interest (Note 9)	-	404	404
Cash flows	-	(3,805)	(3,805)
At 31 December 2023	<b>6,836</b>	<b>3,419</b>	<b>10,255</b>
At 1 January 2022	1,095	317	1,412
Additions	6,526	3,696	10,222
Reclassification	(388)	388	-
Accretion of interest (Note 9)	-	166	166
Cash flows	-	(2,258)	(2,258)
At 31 December 2022	7,233	2,309	9,542

## NOTES TO THE FINANCIAL STATEMENTS

### 27. LEASE LIABILITIES (CONT'D.)

	Motor Vehicles	
	2023	2022
	RM'000	RM'000
<b>Company</b>		
<b>Non-current</b>		
Lease liabilities	1,041	1,383
<b>Current</b>		
Lease liabilities	354	369
Total lease liabilities	1,395	1,752

Set out below are the movements during the year:

	Motor Vehicles	
	2023	2022
	RM'000	RM'000
<b>Company</b>		
At 1 January	1,752	1,769
Accretion of interest (Note 9)	51	5
Payment	(408)	(22)
At 31 December	1,395	1,752

	Motor Vehicles	
	2023	2022
	RM'000	RM'000
<b>Company</b>		
Maturity of lease liabilities:		
Not later than 1 year	354	369
Later than 1 year and not later than 2 years	354	357
Later than 2 year and not later than 5 years	687	1,026
Total lease liabilities	1,395	1,752

## NOTES TO THE FINANCIAL STATEMENTS

### 27. LEASE LIABILITIES (CONT'D.)

The average interest rates (per annum) as at the reporting date for lease liabilities is as follow:

	2023 %	2022 %
Lease liabilities	2.94	2.94

	Non-current RM'000	Current RM'000	Total RM'000
<b>Company</b>			
At 1 January 2023	1,383	369	1,752
Reclassification	(342)	342	–
Accretion of interest (Note 9)	–	51	51
Cash flows	–	(408)	(408)
At 31 December 2023	1,041	354	1,395
At 1 January 2022	–	–	–
Additional	1,383	386	1,769
Accretion of interest (Note 9)	–	5	5
Cash flows	–	(22)	(22)
At 31 December 2022	1,383	369	1,752



## NOTES TO THE FINANCIAL STATEMENTS

### 28. PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current</b>				
<b>Trade</b>				
Trade payables	43,853	74,631	7,817	23,472
<b>Other</b>				
Estate payables	29,304	28,826	5,702	4,745
Amount due to joint operation partner				
– Loan	19,771	19,787	19,771	19,287
Other related companies	55	61	7	–
Associates	2,893	5,125	2,959	4,501
Immediate Holding Company	660	891	3	500
Wholly owned subsidiaries				
– Loan	–	–	79,468	84,769
– Current account	–	–	15,028	24,123
Non-wholly owned subsidiaries				
– Loan	–	–	18,832	35,399
– Current account	–	–	51	101
Interest payable	3,841	4,270	3,841	4,270
Accrued expenses	18,827	32,351	6,519	8,832
Other taxes payable	4,849	6,694	464	749
Other payables	7,349	8,575	1,669	2,576
	87,549	106,580	154,314	189,852
	131,402	181,211	162,131	213,324
<b>Non-current</b>				
<b>Other payable</b>				
Defined benefit obligations (Note 29)	7,710	6,774	5,852	4,983
<b>Total payables (current and non-current)</b>	<b>139,112</b>	<b>187,985</b>	<b>167,983</b>	<b>218,307</b>
Total payables (current)	131,402	181,211	162,131	213,324
Add: Borrowings (Note 26)	774,271	856,853	774,271	856,853
Add: Lease liabilities (Note 27)	10,255	9,542	1,395	1,752
Less: Other taxes payable	(4,849)	(6,694)	(464)	(749)
<b>Total financial liabilities carried at amortised cost</b>	<b>911,079</b>	<b>1,040,912</b>	<b>937,333</b>	<b>1,071,180</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 28. PAYABLES (CONT'D.)

#### Trade and other payables

Trade and estate payables are on 30 to 60 days (2022: 30 to 60 days) payment terms and are non-interest bearing. Other payables are normally settled on an average of 30 days (2022: 30 days) terms and are non-interest bearing.

#### Related party balances

Amount due to joint operation partner is unsecured, repayable on demand and bears interest at 3.5% (2022: 3.5%) per annum.

Amount due to Immediate Holding Company is unsecured, interest-free and repayable on demand.

Loans from wholly owned and non-wholly owned subsidiaries are unsecured, repayable on demand and bear interest at 3.5% (2022: 3.5%) per annum.

Amounts due to associates, other related companies and current accounts of wholly owned and non-wholly owned subsidiaries are unsecured, interest-free and repayable on demand.

### 29. DEFINED BENEFIT OBLIGATIONS

(a) The amount recognised in the statements of financial position is determined as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Present value of unfunded defined benefit obligations, representing net liability (Note 28)	<b>7,710</b>	6,774	<b>5,852</b>	4,983

(b) The movement in the net liability in the current year is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	<b>6,774</b>	6,605	<b>4,983</b>	4,856
Recognised in profit or loss (Note 5)	<b>877</b>	785	<b>649</b>	529
Recognised in other comprehensive income	<b>647</b>	–	<b>657</b>	–
Defined benefits paid	<b>(588)</b>	(616)	<b>(437)</b>	(402)
At 31 December	<b>7,710</b>	6,774	<b>5,852</b>	4,983

## NOTES TO THE FINANCIAL STATEMENTS

### 29. DEFINED BENEFIT OBLIGATIONS (CONT'D.)

- (c) The amount recognised in profit or loss is analysed as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current service cost	568	502	422	321
Interest cost	309	283	227	208
Recognised in profit or loss	877	785	649	529

- (d) The amount recognised in other comprehensive income is analysed as follows:

	Group		Company	
	2023	2022	2023	2022
Effect of changes in financial assumptions	(269)	–	(195)	–
Effect of experience adjustment	916	–	852	–
Recognised in other comprehensive income	647	–	657	–

- (e) The principal assumptions used to determine the defined benefit obligations are shown below:

	Group and Company	
	2023	2022
Discount rate (% per annum)	4.8	4.4
Salary increment rate (% per annum)	5.5	5.5

- (f) The sensitivity analysis arising from reasonably possible changes of each significant assumption on the defined benefit obligations as at year end with all other assumptions held constant is given below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
1% increase in discount rate	(603)	(491)	(440)	(349)
1% decrease in discount rate	701	563	509	399
1% increase in salary increment rate	712	773	521	557
1% decrease in salary increment rate	(624)	(674)	(458)	(488)

- (g) The duration of the Group's and Company's defined benefit obligations at the end of the reporting period is 9 years (2022 : 5 years).

## NOTES TO THE FINANCIAL STATEMENTS

### 30. CAPITAL COMMITMENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
– authorised but not contracted for	204,695	193,673	35,433	36,120

The Group's and the Company's interest in the capital commitment of the joint operation plantation is disclosed in Note 33.

### 31. SEGMENT INFORMATION

The Group is principally involved in plantation operations and also provides plantation consultancy services. Management controls operations by geographical locations where resources are allocated and performance are monitored for achievement of the desired output. Monthly management reports are prepared by geographical segment for review by Management. Thus, operating segments are best segregated as follows:

(a) Plantation segment

Plantation operations involve the cultivation of oil palms and production of crude palm oil and palm kernel. The Group's plantations are located in Peninsular Malaysia, Sabah and Sarawak.

(b) Others segment

The others segment consists of plantation consultancy and investing activities.

The performance of each operating segment is measured on the basis of operating results before interest income and finance costs. Non-recurring items such as gains on disposal of plantation assets, impairment losses and share of results of associates and fair value gains or losses are excluded from the measurement of a segment's performance.

Transactions between operating segments are undertaken on arm's length basis. Inter-segment revenue namely plantation management fees are eliminated on consolidation. The Group practises central fund management where surplus funds are moved within the Group and the interest income/expenses arising from such arrangements are eliminated in full.

## NOTES TO THE FINANCIAL STATEMENTS

### 31. SEGMENT INFORMATION (CONT'D.)

The performance of each segment is set out in the following table:

	PM* RM'000	Plantation Sabah RM'000	Sarawak RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2023</b>						
<b>Revenue</b>						
External customers	354,646	447,316	49,046	686	-	851,694
Inter-segment	-	-	-	29,818	(29,818)	-
<b>Total revenue</b>	<b>354,646</b>	<b>447,316</b>	<b>49,046</b>	<b>30,504</b>	<b>(29,818)</b>	<b>851,694</b>
<b>Segment result</b>	<b>78,723</b>	<b>40,460</b>	<b>(20,288)</b>	<b>2,956</b>	<b>-</b>	<b>101,851</b>
Interest income						2,990
Finance costs						(39,798)
Share of results of associates						5,601
Profit before taxation and zakat						70,644
Taxation						(31,432)
Zakat						(3,540)
<b>Profit for the year</b>						<b>35,672</b>
<b>Other information:</b>						
Depreciation of property, plant and equipment	33,353	43,284	5,715	873	-	83,225
Depreciation of right-of-use assets	4,658	30,167	471	2,079	-	37,375

\* Denotes Peninsular Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

### 31. SEGMENT INFORMATION (CONT'D.)

The performance of each segment is set out in the following table:

	PM* RM'000	Plantation Sabah RM'000	Sarawak RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2022</b>						
<b>Revenue</b>						
External customers	461,671	592,831	121,704	742	–	1,176,948
Inter-segment	–	–	–	30,449	(30,449)	–
<b>Total revenue</b>	461,671	592,831	121,704	31,191	(30,449)	1,176,948
<b>Segment result</b>	172,003	122,982	(3,868)	3,513	–	294,630
Gain on disposal of plantation assets						458,743
Interest income						5,060
Finance costs						(34,275)
Share of results of associates						4,849
Profit before taxation and zakat						729,007
Taxation						(137,582)
Zakat						(2,629)
<b>Profit for the year</b>						588,796
<b>Other information:</b>						
Depreciation of property, plant and equipment	33,808	48,395	7,093	684	–	89,980
Depreciation of right-of-use assets	4,141	29,425	471	1,890	–	35,927

\* Denotes Peninsular Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries;
- (ii) Immediate Holding Corporation, Lembaga Tabung Angkatan Tentera (LTAT), its subsidiaries and direct and indirect associates;
- (iii) Previous Immediate Holding Company, Boustead Holdings Berhad (BHB), its subsidiaries and direct and indirect associates, prior to the disposal of its shareholdings in the Company during the year;
- (iv) Direct and indirect associates;
- (v) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

## NOTES TO THE FINANCIAL STATEMENTS

**32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)**

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Subsidiaries</b>				
Sale of fresh fruit bunches	-	-	<b>147,986</b>	210,297
Plantation management fees	-	-	<b>7,834</b>	8,239
Interest income	-	-	<b>83,825</b>	89,542
Finance costs	-	-	<b>3,788</b>	3,573
Dividend	-	-	<b>13,740</b>	54,415
<b>Subsidiaries of previous Immediate Holding Company</b>				
Purchase of non-regulated petroleum products	<b>138</b>	201	<b>30</b>	14
Travel agency services	<b>583</b>	449	<b>36</b>	12
Office rental	<b>2,091</b>	1,718	-	-
Financial assistance in respect of hire purchase	<b>950</b>	30	<b>352</b>	23
<b>Previous Immediate Holding Company</b>				
General management fees	<b>1,269</b>	994	<b>635</b>	584
Tax consultancy fees	<b>90</b>	87	<b>12</b>	12
<b>Associates</b>				
Advisory fees	<b>1,395</b>	1,500	<b>348</b>	380
Research and development	<b>16,042</b>	16,472	<b>16,042</b>	16,472
Dividend	<b>7,000</b>	-	<b>7,000</b>	-
<b>Associates of BHB</b>				
Insurance premium	<b>2,248</b>	3,921	<b>440</b>	725
Interest income	<b>1,294</b>	3,593	<b>1,294</b>	3,593
Finance costs	<b>10,335</b>	11,736	<b>10,335</b>	11,736
Purchase of chemical products	<b>843</b>	792	<b>67</b>	67

Related party balances with the previous Immediate Holding Company and subsidiaries are referred to in Notes 19 and 28.



## NOTES TO THE FINANCIAL STATEMENTS

### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

#### Government-related entities

At the reporting date, balances with financial institutions which are Government-related entities are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bank balances and Islamic deposits	<b>8,747</b>	54,027	<b>8,125</b>	53,350
Term loans	<b>144,000</b>	216,000	<b>144,000</b>	216,000

#### Key management personnel

The remuneration of key management personnel for the financial year is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries	<b>1,798</b>	2,044	<b>1,617</b>	1,746
Directors' Fees (Note 5)	<b>670</b>	1,083	<b>599</b>	1,083
Allowances	<b>607</b>	1,613	<b>585</b>	805
Defined contribution plans	<b>490</b>	446	<b>442</b>	393
	<b>3,565</b>	5,186	<b>3,243</b>	4,027

The Directors are of the opinion that related party transactions are in the normal course of business and at terms mutually agreed between the parties.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. INTEREST IN JOINT OPERATION PLANTATION

The Group and the Company have a 50% interest in Kuala Muda Estate, a joint operation plantation, which is held at book value of RM22,435,000 (2022: RM22,435,000). The following amounts represent the Group's and Company's share of the assets and liabilities as well as share of revenue and expenses of the joint operation plantation, which are included in the respective statement of financial position and income statement:

	<b>Group and Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Statement of Financial Position</b>		
Non-current assets	<b>27,866</b>	26,808
Current assets	<b>20,734</b>	20,966
Current liabilities	<b>(3,160)</b>	(3,801)
Non-current liabilities	<b>(150)</b>	(141)
Net assets	<b>45,290</b>	43,832
<b>Income Statement</b>		
Revenue	<b>7,682</b>	10,713
Operating costs	<b>(5,229)</b>	(5,317)
Operating profit	<b>2,453</b>	5,396
Capital commitments	<b>663</b>	1,032

### 34. SIGNIFICANT AND SUBSEQUENT EVENTS

On 24 August 2023, the Company received a notification from the controlling shareholders of the Company, Boustead Holdings Berhad (BHB) and Lembaga Tabung Angkatan Tentera (LTAT), that they have entered into a Strategic Collaboration Agreement (SCA) with Kuala Lumpur Kepong Berhad (KLK) on 24 August 2023 in relation to the following:

- (i) proposed disposal by BHB of a total of 739,199,966 ordinary shares in the Company, representing 33% and 1 share of the total issued shares of the Company, to KLK for as cash consideration of RM1,145,759,947.30 or RM1.55 per share (Proposed Disposal);
- (ii) proposed mandatory take-over offer to acquire all remaining shares not already owned by BHB, LTAT and KLK resulting from Proposed Disposal at a cash offer price of RM1.55 per share; and
- (iii) improving the operational efficiencies and crude palm oil yields of the plantations of the Company over the long-term.

(collectively, the Proposed Strategic Collaboration)

On 4 October 2023, the controlling shareholders of the Company, BHB and LTAT, notified the Company that the condition precedent under the SCA will not be satisfied by the cut-off date of 6 October 2023 and accordingly, the parties of the SCA had mutually agreed not to proceed with the Proposed Strategic Collaboration and to terminate the SCA with immediate effect on 4 October 2023.

Subsequently, the Company received a letter from LTAT on the intention to proceed with the general offer of the Company at the offer price of RM1.55 per share notwithstanding the termination of the SCA, subject to regulatory approvals.

On 10 November 2023, LTAT acquired 739,199,966 shares from BHB for a total cash consideration of RM1,145,759,947.30 or RM1.55 per share. LTAT shareholding stood at 43.59%.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

Accordingly, the Company received a notice of unconditional mandatory take-over offer from UOB Kay Hian Securities (M) Sdn Bhd and Maybank Investment Bank Berhad, collectively as the Joint Principal Advisers, on behalf of the LTAT (Offeror), to acquire all the remaining shares in the Company not already held by the Offeror for a cash offer price of RM1.55 per share.

The Company was delisted from the Main Market of Bursa Malaysia Securities Berhad on 23 January 2024.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of risks, including interest rate, liquidity, credit and commodity price risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group.

The Board of Directors reviews and agrees with the policies and procedures for the management of these risks, which are executed by the Chief Executive Officer, through the Management Committee. The Risk Committee provides independent oversight to the effectiveness of the risk management process.

It is the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate risk arises from bank deposits, borrowings and intercompany loans.

The Group finances its operations through operating cash flows and borrowings, which is denominated in Ringgit Malaysia. All bank borrowings are on floating rate terms. Loans to subsidiaries are also on floating rate terms, where such rates are remeasured at periodic intervals to approximate market interest rates or cost of borrowings. The floating rate loans to subsidiaries form a natural hedge for its floating rate bank borrowings.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and Company's profit before taxation and zakat (PBT) would have been:

	Group (Decrease)/Increase		Company (Decrease)/Increase	
	2023	2022	2023	2022
	Effect	Effect	Effect	Effect
	on PBT	on PBT	on PBT	on PBT
	RM'000	RM'000	RM'000	RM'000
50 basis points decrease in interest rate	<b>3,727</b>	3,822	<b>(5,011)</b>	(4,233)
50 basis points increase in interest rate	<b>(3,727)</b>	(3,822)	<b>5,011</b>	4,233

The assumed movement in the basis points for interest rate for sensitivity analysis is based on a prudent estimate of the current market environment.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to insufficient funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group practises prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

The borrowings of the Company were obtained mainly for the acquisition of the Group's plantation assets. These borrowings are essentially backed up by the strength of the Group's financial position and its ability to generate cash flows to fund activities. The Group's financial and liquidity position is closely monitored to ensure its continued ability to duly service and repay the loans when due.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2023</b>				
<b>Financial liabilities:</b>				
Trade and other payables	126,553	–	–	126,553
Lease liabilities	4,001	7,339	–	11,340
Borrowings	555,046	251,573	20,534	827,153
Total undiscounted financial liabilities	685,600	258,912	20,534	965,046
<b>At 31 December 2022</b>				
<b>Financial liabilities:</b>				
Trade and other payables	174,517	–	–	174,517
Lease liabilities	2,447	7,913	–	10,360
Borrowings	494,089	399,887	21,602	915,578
Total undiscounted financial liabilities	671,053	407,800	21,602	1,100,455

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
<b>Company</b>				
<b>At 31 December 2023</b>				
<b>Financial liabilities:</b>				
Trade and other payables	161,667	–	–	161,667
Lease liabilities	428	1,191	–	1,619
Borrowings	555,046	251,573	20,534	827,153
Total undiscounted financial liabilities	717,141	252,764	20,534	990,439
<b>At 31 December 2022</b>				
<b>Financial liabilities:</b>				
Trade and other payables	212,575	–	–	212,575
Lease liabilities	421	1,598	–	2,019
Borrowings	494,089	399,887	21,602	915,578
Total undiscounted financial liabilities	707,085	401,485	21,602	1,130,172

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to control credit risk by setting credit limits, obtaining bank guarantees where appropriate; ensuring that sales are made to customers with appropriate credit history and conducting periodic review on financial standing of customers. Further, sales to customers are reviewed when deliveries exceed guaranteed amounts or set credit limits.

The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely due to the good prospects of the industry that its customers operate in and these customers are creditworthy debtors with good payment records with the Group and the Company.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Group has no concentration of credit risk on any one particular customer or related company. At the reporting date, the Company has significant concentration of credit risk that arose from exposures to amounts due from 1 (2022: 2) subsidiary representing 94% (2022: 86%) of the Company's trade and other receivables.

There is no credit enhancements for trade and other receivables.

#### Amounts due from subsidiaries and related companies

There is minimal risk of default as these companies are either profitable or prospectively profitable except for subsidiaries for which allowances have been made in respect of amounts estimated to be not recoverable as disclosed in Note 19. The credit standing of these companies are periodically monitored and reviewed.

#### (d) Commodity price risk

The Group is exposed to commodity price risk arising from fluctuations in the price of crude palm oil and palm kernel. The Group adopts the strategy of having a mix of spot and forward sales at any one time to mitigate this risk. Forward sales policies are periodically reviewed by management.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Amount due to Immediate Holding Company	28
Loans to/from subsidiaries	19, 28
Amount due from/to associates	19, 28
Amount due to joint operation partner	28
Amount due from/to related companies	19, 28
Trade and other payables (current)	28, 29
Borrowings (current and non-current)	26
Lease liabilities (current and non-current)	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that approximate market interest rates at the reporting date.

Loans to subsidiaries are evaluated by the Company based on parameters such as interest rates, individual credit worthiness of the respective subsidiaries and the risk characteristics of the financed project. Based on the evaluation, allowances are taken into account for expected losses of the loan. As at 31 December 2023, the carrying amounts of the loan, net of allowances, were not materially different from their calculated fair values.

The fair value of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

### 37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2023 and 2022.

The Group monitors capital using gearing ratio, which is derived by dividing borrowings (Note 26) over shareholders' equity. At the reporting date, the Group's gearing ratio is 0.27 times (2022: 0.29 times). The Group's policy is to keep gearing within manageable levels.

## NOTES TO THE FINANCIAL STATEMENTS

## 38. LIST OF SUBSIDIARIES AND ASSOCIATES

			Group interest	
Name of Company*	Principal activities	Paid up capital	2023 %	2022 %
SUBSIDIARIES				
Boustead Telok Sengat Sdn Bhd	Processing of fresh fruit bunches (FFB) and investment holding	RM11,480,000	100	100
Boustead Eldred Sdn Bhd	Cultivation of oil palms	RM15,000,000	100	100
Boustead Solandra Sdn Bhd	Cultivation of oil palms	RM200,000	100	100
Boustead Agency and Consultancy Services Sdn Bhd	Plantation management and engineering consultancy	RM4,500,000	100	100
Boustead Rimba Nilai Sdn Bhd	Cultivation of oil palms and processing of FFB	RM100,000,000	100	100
Boustead Emastulin Sdn Bhd	Cultivation of oil palms and processing of FFB	RM17,000,000	100	100
Boustead Gradient Sdn Bhd	Cultivation of oil palms and processing of FFB	RM3,000,000	100	100
Boustead Trunkline Sdn Bhd	Cultivation of oil palms	RM7,000,000	100	100
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palms	RM234,560,000	60	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation of oil palms and processing of FFB	RM161,370,000	60	60
Boustead Pelita Kanowit Oil Mill Sdn Bhd	Operation of palm oil mill	RM30,000,000	60	60
Boustead Estates Agency Sdn Bhd	Plantation management and engineering consultancy	RM1,637,292	100	100
Bounty Crop Sdn Bhd	Ceased operation	RM70,200,000	100	100
Boustead Life Sciences Research Sdn Bhd	Advisory and research on life sciences and commercialisation of products developed from life sciences, health and cosmetic	RM250,000	100	100
Boustead Agro Plantations Sdn Bhd	Farming, marketing and selling of agriculture produces	RM250,000	100	100
ASSOCIATES				
Applied Agricultural Resources Sdn Bhd	Agronomic advisory services, commercial production of oil palm planting materials and investment holding	RM3,050,000	50	50
PT AAR Nusantara**	Production of oil palm seeds (Dissolved on 1 November 2023)	IDR10,000,000,000	-	25
Advanced Agriecological Research Sdn Bhd	Agronomy research services	RM500,000	50	50

\* Incorporated in Malaysia unless otherwise indicated

\*\* Incorporated in Indonesia and audited by an overseas firm not associated with Ernst & Young PLT, Malaysia