

TSH Resources Berhad
Registration No: 197901005269 (49548 - D)

TSH RESOURCES BERHAD (197901005269 (49548 - D))
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2023

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

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TSH RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and forest plantation. The principal activities of the subsidiaries are primarily involved in investment holding, oil palm cultivation and processing, generation and supply of electricity from biomass plants, forest plantation, manufacture and sales of cocoa products and downstream wood products and other related business activities. The principal activities and details of the subsidiaries are stated in Note 23 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	125,825	13,838
Attributable to:		
Owners of the Company	95,112	13,838
Non-controlling interests	30,713	-
	125,825	13,838

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	Company RM'000
In respect of the financial year ended 31 December 2022	
Final single-tier dividend of 2.5 sen per ordinary share, paid on 14 July 2023	34,505
	34,505

On 22 February 2024, the Directors declared a first and final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2023 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn. Bhd. and The Central Depository (Pte) Limited ("CDP") at the close of business on 23 April 2024.. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the net foreign currency translation gain amounted to RM86,193,000 taken up in statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the financial year.

TREASURY SHARES

At the Annual General Meeting held on 23 May 2023, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

As at 31 December 2023, the Company had 1,629,000 ordinary shares held as treasury shares with a carrying amount of RM1,467,000.

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

TSH Resources Berhad

Tan Aik Pen	
Tan Aik Sim	
Dato' Jasmy Bin Ismail	
Natasha Binti Mohd Zulkifli	
Yap Boon Teck	
Velayuthan A/L Tan Kim Song	(Appointed on 24 November 2023)
Paul Lim Joo Heng	(Appointed on 1 March 2023)
Tan Aik Kiong	
Lim Fook Hin	
Chew Siew Yeng	(Retired on 23 May 2023)
Selina Binti Yeop Junior @ Lope	(Resigned on 24 November 2023)

Subsidiaries of TSH Resources Berhad

Pursuant to Section 253(2) of the Companies Act 2016 in Malaysia, the Directors of the subsidiaries of TSH Resources Berhad during the financial year and up to the date of this report are as follows:

Tan Aik Pen	
Tan Aik Sim	
Datuk Jaswant Singh Kler	
Paul Lim Joo Heng	
Lim Fook Hin	
Tan Aik Kiong	
Tan Ek Huat	
Asgari Bin Tun Mohd Fuad Stephens	
Chen Chu Chai @ Anthony Tsen Sui Lin	

DIRECTORS (continued)

Subsidiaries of TSH Resources Berhad

Pursuant to Section 253(2) of the Companies Act 2016 in Malaysia, the Directors of the subsidiaries of TSH Resources Berhad during the financial year and up to the date of this report are as follows: (continued)

Tan Aik Choon	
Lok Huey Ming	
Ainahwati Binti Abd Sani	
John Bin Sardin	
Raden Harry Zulnardy	
Karsidi	
Iban Bragado Lafuente *	
Michael Wong Chung Hau	
Michelle L. Brantley	
Fiona Lane	
Darwin Arriega	
Haji Abdul Wahab	
Ke Jek Tiang *	
Ferly Versady *	
Mudappathi Sugunan Nair	
M Murali Manikam	
Peter Dodoo	
Wong Twee Jong	
Ong Chu Yaw	
Li Fui Yee	
Goh Kian Yin	
Roland Lajoie Hubert	(Appointed on 21 August 2023)
Ong Chau Jinn	(Appointed on 25 October 2023)
Ong Yah Ho	(Demised on 29 January 2023)
Tan Sze Lian Celine	(Resigned on 3 August 2023)
Renatha Philoé	(Resigned on 21 August 2023)

* Ceased his office due to winding of the subsidiary during the financial year.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2023
	Balance as at 1.1.2023	Acquired/ Transferred	Disposed	
Shares in the Company				
<u>Direct interests:</u>				
Tan Aik Pen	336,299,317	6,409,570	-	342,708,887
Tan Aik Sim	53,371,564	1,909,570	-	55,281,134
Tan Aik Kiong	55,438,695	1,909,570	-	57,348,265
Lim Fook Hin	2,102,000	-	-	2,102,000
<u>Indirect interests:</u>				
Tan Aik Kiong	27,125	-	-	27,125
Lim Fook Hin	500,000	-	-	500,000

DIRECTORS' INTERESTS (continued)

By virtue of Section 8(4)(c) of the Companies Act 2016 in Malaysia, Tan Aik Pen is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions entered into in the ordinary course of business as disclosed in Note 43 to the financial statements.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Executive:		
Salaries and bonus	4,510	4,448
Other emoluments	722	715
Total Executive Directors' remuneration (excluding benefits-in-kind)	5,232	5,163
Estimated money value of benefits-in-kind	284	284
Total Executive Directors' remuneration (including benefits-in-kind)	5,516	5,447
Non-Executive:		
Fees	358	281
Salaries	2,730	-
Other emoluments	1,757	1,454
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	4,845	1,735
Estimated money value of benefits-in-kind	303	303
Total Non-Executive Directors' remuneration (including benefits-in-kind)	5,148	2,038
Total Directors' remuneration	10,664	7,485

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Directors and Officers of the Group are covered by a Directors and Officers Liability Insurance (“D&O Policy”) for any liability incurred in the discharge of their duties, subject to the terms of the D&O Policy. The amount of insurance premium paid by the Company during the financial year was RM82,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from gain on disposal of assets held for sale of the Group of RM27,604,000.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY
(continued)**

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT
(continued)**

- (d) In the opinion of the Directors: (continued)
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 4 April 2022, PT Bulungan Citra Agro Persada ("PT BCAP"), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement ("CSPA") with PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as "the Sale Land") for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the disposal of 7,817.36 hectares of the Sale Land was completed.

On 18 January 2023, the disposal for 574.56 hectares of the uncertified land was completed for cash consideration amounted to RM28,717,000, which is subject to 2.5% tax on the cash consideration amounted to RM718,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM27,604,000 in the financial statements.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

The proposed disposal of the remaining of the Sale Land is expected to be completed within the next twelve (12) months and has continued to be classified as assets held for sale.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (b) On 21 July 2023, the Company announced its intention to undertake a secondary listing of and quotation for its entire issued ordinary shares on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) by way of introduction (“Proposed Secondary Listing”).

On 26 September 2023, the Proposed Secondary Listing was completed following the listing of and quotation for the entire issued share capital of the Company on the Main Board of the SGX-ST. The shares are and will continue to be listed on the Main Market of Bursa Securities, which will remain as the primary stock exchange on which the shares are listed.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS’ REMUNERATION

Auditors’ remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM’000	Company RM’000
Statutory audit		
- BDO PLT	520	174
- Other auditors	349	-
Other services		
- BDO PLT	544	539
	<u>1,413</u>	<u>713</u>

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

.....
Tan Aik Sim
Director

.....
Tan Aik Kiong
Director

Kuala Lumpur
1 April 2024

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 16 to 126 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions 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 the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Tan Aik Sim
Director

.....
Tan Aik Kiong
Director

Kuala Lumpur
1 April 2024

STATUTORY DECLARATION

I, Fong Ging Pang (CA 9024), being the officer primarily responsible for the financial management of TSH Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 16 to 126 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur, this)
1 April 2024)

Fong Ging Pang

Before me:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TSH Resources Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 16 to 126.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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 ("ISAs"). 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 opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

a. Impairment of plasma receivables

As at 31 December 2023, the Group had plasma receivables amounted to RM39,412,000, which was net of impairment losses of RM13,485,000. The details of plasma receivables and its credit risks have been disclosed in Note 27(b)(ii) to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by plasma receivables, appropriate forward-looking information i.e. Gross Domestic Product (“GDP”) and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the effects of increasing interest rate in Indonesia on the discount rate.

Audit response

Our audit procedures, with the involvement of the component auditors, included the following:

Impairment assessment of plasma receivables

- (i) evaluated assessments performed by management and assessed adequacy of expected credit losses based on expected cash flows recoverable from plasma receivables, which were derived from expectation of repayment patterns from plasma receivables, either through funding from banks and/or cash flows through sales of fresh fruit bunches;
- (ii) assessed and evaluated reasonableness of discount rate used in calculating the present value of non-current plasma receivables over their expected repayment period, taken into consideration the effects of increasing interest rate in Indonesia on the discount rate;
- (iii) recomputed the probability of default using historical data and forward-looking information adjustment, taken into consideration the effects of increasing interest rate in Indonesia on discount rate applied by the Group;
- (iv) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

a. Impairment of plasma receivables (continued)

Audit response (continued)

Our audit procedures, with the involvement of the component auditors, included the following (continued):

Impairment assessment of plasma receivables (continued)

- (v) evaluated basis used by management in determining cash flows recoverable in worst-case scenarios, where applicable, incorporating the effects of increasing interest rate in Indonesia on the discount rate.

b. Impairment of amounts due from subsidiaries

As at 31 December 2023, non-trade amounts due from subsidiaries of the Company were RM206,902,000 which were net of impairment losses of RM4,441,000 as disclosed in Note 27 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the effects of increasing Overnight Policy Rate (“OPR”) in Malaysia and interest rate in Indonesia, where applicable, on the discount rates.

Audit response

Our audit procedures included the following:

- (i) recomputed probability of default using historical data and forward-looking adjustment, taken into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates applied by the Company;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

b. Impairment of amounts due from subsidiaries (continued)

Audit response (continued)

Our audit procedures included the following (continued):

- (iii) evaluated basis used by management in determining cash flows recoverable in worst-case scenarios, where applicable, incorporating the impact of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates; and
- (iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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 MFRSs, IFRS Accounting 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Responsibilities of the Directors for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) 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.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 23 to the financial statements.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Lum Chiew Mun
03039/04/2025 J
Chartered Accountant

Kuala Lumpur
1 April 2024

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations					
Revenue	6	1,066,516	1,305,999	114,524	195,944
Cost of sales	7	(668,077)	(813,070)	(3,140)	(4,021)
Gross profit		398,439	492,929	111,384	191,923
Other items of income					
Interest income	8	13,398	9,846	17,806	31,917
Dividend income	9	1	18	1	18
Other income	10	50,260	417,515	14,700	8,982
Net impairment write back on financial assets	12	-	-	314	9,719
Other items of expenses					
Marketing and distribution costs		(30,310)	(35,797)	-	-
Administrative expenses		(190,171)	(175,807)	(53,131)	(51,254)
Finance costs	11	(20,147)	(32,377)	(21,710)	(33,865)
Other expenses		(28,167)	(164,874)	(49,695)	(75,729)
Net impairment losses on financial assets	12	(3,662)	(4,254)	-	-
Share of profit of associate, net of tax		11,189	18,477	-	-
Share of (loss)/profit of joint ventures, net of tax		(2,993)	31,621	-	-
Profit before tax	12	197,837	557,297	19,669	81,711
Taxation	15	(72,012)	(32,304)	(5,831)	8,280
Profit for the financial year from continuing operations		125,825	524,993	13,838	89,991
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	16	-	-	-	24,861
Profit for the financial year		125,825	524,993	13,838	114,852

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other comprehensive income/ (loss)					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations	15(d)	96,886	(53,856)	-	-
Net loss on financial assets measured at fair value through other comprehensive income ("FVOCI")	15(d)	(261)	-	-	-
Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal	15(d)	97	-	-	-
Reclassification of exchange translation reserve to profit or loss	15(d)	-	339	-	-
		96,722	(53,517)	-	-
Item that may not be reclassified subsequently to profit or loss:					
Remeasurements of net defined benefit liabilities	15(d)	(676)	1,077	-	-
Other comprehensive income/ (loss) for the financial year, net of tax					
		96,046	(52,440)	-	-
Total comprehensive income for the financial year					
		221,871	472,553	13,838	114,852
Profit attributable to owners of the Company					
From continuing operations		95,112	456,407	13,838	89,991
From discontinued operations		-	-	-	24,861
		95,112	456,407	13,838	114,852
Profit attributable to non-controlling interests					
		30,713	68,586	-	-
		125,825	524,993	13,838	114,852

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total comprehensive income attributable to:					
Owners of the Company		180,639	411,329	13,838	114,852
Non-controlling interests		41,232	61,224	-	-
		221,871	472,553	13,838	114,852
Earnings per share attributable to owners of the Company (sen per share):					
Basic earnings per share	17	6.89	33.07		
Diluted earnings per share	17	6.89	33.07		

The accompanying notes form an integral part of the financial statements.

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
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	19	1,277,756	1,256,556	52,842	53,449
Right-of-use assets	20	253,435	255,082	8,249	8,310
Biological assets	21	366,003	364,842	274,506	271,874
Intangible assets	22	44,319	50,350	-	-
Investments in subsidiaries	23	-	-	676,694	808,330
Investment in an associate	24	78,645	77,437	61,259	61,259
Investments in joint ventures	25	103,090	106,083	20,750	20,750
Deferred tax assets	26	473	6,026	-	-
Other receivables	27	47,910	53,946	198,830	254,333
Investment securities	28	28,094	50	50	50
Derivative assets	32	717	-	717	-
		2,200,442	2,170,372	1,293,897	1,478,355
Current assets					
Biological assets	21	14,697	13,531	-	-
Inventories	29	93,718	132,923	1,048	1,572
Trade and other receivables	27	36,214	39,725	11,418	49,164
Other current assets	30	5,320	6,432	216	797
Tax recoverable		17,995	8,789	1	18
Investment securities	28	1	1	1	1
Derivative assets	32	295	30	161	-
Short term funds	33	5,349	6,385	155	150
Cash and bank balances	34	250,138	375,580	31,207	42,362
		423,727	583,396	44,207	94,064
Assets held for sale	35	220,853	205,510	-	-
TOTAL CURRENT ASSETS		644,580	788,906	44,207	94,064
TOTAL ASSETS		2,845,022	2,959,278	1,338,104	1,572,419
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	36	740,512	740,512	740,512	740,512
Treasury shares	36	(1,467)	(1,467)	(1,467)	(1,467)
Other reserves	37	(168,877)	(254,906)	-	-
Retained earnings	38	1,476,805	1,416,700	239,152	259,819
		2,046,973	1,900,839	978,197	998,864
Non-controlling interests		258,308	231,219	-	-
TOTAL EQUITY		2,305,281	2,132,058	978,197	998,864

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	39	110,963	164,860	110,963	164,860
Retirement benefits	40	22,982	17,324	-	-
Lease liabilities	20	955	1,320	32	56
Deferred tax liabilities	26	86,973	86,555	3,468	1,508
		221,873	270,059	114,463	166,424
Current liabilities					
Loans and borrowings	39	191,157	394,251	119,294	193,736
Trade and other payables	41	123,475	142,158	126,127	210,106
Derivative liabilities	32	-	3,282	-	3,267
Lease liabilities	20	420	615	23	22
Current tax payable		2,816	16,855	-	-
		317,868	557,161	245,444	407,131
TOTAL LIABILITIES		539,741	827,220	359,907	573,555
TOTAL EQUITY AND LIABILITIES		2,845,022	2,959,278	1,338,104	1,572,419

The accompanying notes form an integral part of the financial statements.

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2023	Note	Attributable to owners of the Company											Non-controlling interests RM'000
		Equity attributable to owners of the Company		<-Non-distributable-> Distributable					<-Non-distributable->				
		Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Fair value reserve RM'000		
Group													
		2,132,058	1,900,839	740,512	(1,467)	1,416,700	(254,906)	9,630	(264,636)	100	-	231,219	
		125,825	95,112	-	-	95,112	-	-	-	-	-	30,713	
Other comprehensive income/(loss)													
	15(d)	96,886	86,193	-	-	-	86,193	-	86,193	-	-	10,693	
	15(d)	(261)	(261)	-	-	-	(261)	-	-	-	(261)	-	
	15(d)	97	97	-	-	-	97	-	-	-	97	-	
	15(d)	(676)	(502)	-	-	(502)	-	-	-	-	-	(174)	
		96,046	85,527	-	-	(502)	86,029	-	86,193	-	(164)	10,519	
Total comprehensive income/(loss) for the financial year													
		221,871	180,639	-	-	94,610	86,029	-	86,193	-	(164)	41,232	

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

2023	Note	Attributable to owners of the Company											Non-controlling interests RM'000
		Equity attributable to owners of the Company		<-Non-distributable-> Distributable					<-----Non-distributable----->				
		Equity, total RM'000	Equity total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Fair value reserve RM'000		
Group													
Transactions with owners													
Additional interest in subsidiaries	23(f)	2,736	-	-	-	-	-	-	-	-	-	2,736	
Reduction of interest upon winding up of subsidiaries		(252)	-	-	-	-	-	-	-	-	-	(252)	
Dividends paid on ordinary shares	18	(34,505)	(34,505)	-	-	(34,505)	-	-	-	-	-	-	
Dividends paid to non-controlling interests		(16,627)	-	-	-	-	-	-	-	-	-	(16,627)	
Total transactions with owners		(48,648)	(34,505)	-	-	(34,505)	-	-	-	-	-	(14,143)	
Balance as at 31 December 2023		2,305,281	2,046,973	740,512	(1,467)	1,476,805	(168,877)	9,630	(178,443)	100	(164)	258,308	

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

2022	Note	Attributable to owners of the Company						Non-distributable			
		Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Non-controlling interests RM'000
Group											
		1,813,588	1,641,330	740,512	(1,467)	1,111,178	(208,893)	9,630	(218,623)	100	172,258
		524,993	456,407	-	-	456,407	-	-	-	-	68,586
Other comprehensive (loss)/income											
	15(d)	(53,856)	(46,352)	-	-	-	(46,352)	-	(46,352)	-	(7,504)
	15(d)	339	339	-	-	-	339	-	339	-	-
	15(d)	1,077	935	-	-	935	-	-	-	-	142
		(52,440)	(45,078)	-	-	935	(46,013)	-	(46,013)	-	(7,362)
		472,553	411,329	-	-	457,342	(46,013)	-	(46,013)	-	61,224
Transactions with owners											
	18	(151,820)	(151,820)	-	-	(151,820)	-	-	-	-	-
		(2,263)	-	-	-	-	-	-	-	-	(2,263)
		(154,083)	(151,820)	-	-	(151,820)	-	-	-	-	(2,263)
		2,132,058	1,900,839	740,512	(1,467)	1,416,700	(254,906)	9,630	(264,636)	100	231,219

TSH Resources Berhad
 Registration No: 197901005269 (49548 - D)

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

2023	Note	Equity, total RM'000	<----Non-distributable---->		Distributable Retained earnings RM'000
Company			Share capital RM'000	Treasury shares RM'000	
Balance as at 1 January 2023		998,864	740,512	(1,467)	259,819
Profit for the financial year		13,838	-	-	13,838
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income for the financial year		13,838	-	-	13,838
Transactions with owners					
Dividends paid on ordinary shares	18	(34,505)	-	-	(34,505)
Total transactions with owners		(34,505)	-	-	(34,505)
Balance as at 31 December 2023		978,197	740,512	(1,467)	239,152

TSH Resources Berhad
Registration No: 197901005269 (49548 - D)

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

2022	Note	Equity, total RM'000	<----Non-distributable---->		Distributable Retained earnings RM'000
Company			Share capital RM'000	Treasury shares RM'000	
Balance as at 1 January 2022		1,035,832	740,512	(1,467)	296,787
Profit for the financial year		114,852	-	-	114,852
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income for the financial year		114,852	-	-	114,852
Transactions with owners					
Dividends paid on ordinary shares	18	(151,820)	-	-	(151,820)
Total transactions with owners		(151,820)	-	-	(151,820)
Balance as at 31 December 2022		998,864	740,512	(1,467)	259,819

The accompanying notes form an integral part of the financial statements.

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
From continuing operations		197,837	557,297	19,669	81,711
From discontinued operations	16	-	-	-	15,187
		197,837	557,297	19,669	96,898
Adjustments for:					
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Bad debts (recovered)/written off		(118)	241	-	-
Depreciation of property, plant and equipment	12	90,255	90,725	2,214	2,310
Depreciation of right-of-use assets	12	9,705	10,076	61	68
Dividend income	9	(1)	(18)	(1)	(18)
Fair value (gain)/loss on forward currency contracts		(4,115)	3,607	(4,145)	3,267
Fair value loss on investment securities	12	-	2	-	2
Fair value gain on commodity future contracts	10	(149)	(1,899)	-	-
Gain on disposal of:					
- property, plant and equipment	10	(446)	(312,007)	(143)	(393)
- assets held for sale		(27,604)	(84,585)	-	(13,822)
Gain on lease reassessments	10	(31)	(169)	-	-
(Gain)/Loss on remeasurement of financial guarantee contracts	41(d)	(24)	(47)	(249)	217
Impairment losses on:					
- property, plant and equipment	19	-	56,253	-	-
- goodwill	22	7,769	211	-	-
- investment in subsidiaries	23(c)	-	-	46,784	949
- trade receivables	27(a)	138	514	-	-
- other receivables	27(b)	4,206	5,151	-	-
Interest expense	11	20,147	32,377	21,710	33,865
Interest income	8	(13,398)	(9,846)	(17,806)	(31,917)
Inventories (written back)/written down	29	(6,375)	13,943	-	-
Inventories written off	29(c)	6,798	5,578	-	3
(Gain)/Loss from fair value adjustment of forest planting expenditure	21	(341)	37,240	(2,613)	38,189
Losses arising from dissolution of subsidiaries	12	-	341	-	-
Loss on disposal of financial assets	12	192	-	-	-
Net (gain)/loss from fair value adjustment of fresh fruit bunches	21	(432)	3,383	-	201
Net unrealised foreign exchange loss/(gain)		7,080	(3,944)	(4,431)	(5,343)
Property, plant and equipment written off		449	454	-	12
Right-of-use asset written off	20	-	193	-	193
Rent concessions	20	-	(1)	-	(1)
Share of profit of associate		(11,189)	(18,477)	-	-
Share of loss/(profit) of joint ventures		2,993	(31,621)	-	-
Subtotal		86,690	(201,144)	42,562	28,963

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subtotal (continued)		86,690	(201,144)	42,562	28,963
Write back of impairment losses on:					
- trade receivables	27(a)	(358)	(1,399)	-	-
- other receivables	27(b)	(324)	(12)	(11)	-
- amounts due from subsidiaries	27(c)	-	-	(303)	(9,719)
Total adjustments		86,008	(202,555)	42,248	19,244
Operating cash flows before changes in working capital		283,845	354,742	61,917	116,142
Changes in working capital					
Decrease/(Increase) in inventories		35,704	(8,567)	524	(189)
Decrease in receivables		6,323	24,569	10,990	18,400
Decrease in payables		(11,506)	(73,874)	(1,080)	(9,165)
Increase in retirement benefits obligations		3,824	102	-	-
Total changes in working capital		34,345	(57,770)	10,434	9,046
Cash flows from operations		318,190	296,972	72,351	125,188
Interest paid		-	-	(7,093)	(13,625)
Income tax paid		(92,819)	(91,780)	(3,854)	(2,420)
Income tax refunded		1,310	2,539	-	-
Net cash flows from operating activities		226,681	207,731	61,404	109,143
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of right-of-use assets		(4,690)	(20,630)	-	-
Additional investments in subsidiaries	23(d)	-	-	(37,769)	(1,985)
Distribution for return of capital from liquidation of a subsidiary	23(d)	-	-	468	-
Dividends received from:					
- associate	24(d)	9,981	23,113	-	-
- joint ventures	25(c)	-	15,000	-	-
- short term investments	9	1	18	1	18
Forest planting expenditure		(1,974)	(2,388)	(1,198)	(617)
Interest received		13,398	9,846	17,806	31,917
Placement of deposits with maturity of over 3 months		(3)	(3)	-	-
Proceeds from disposal of:					
- property, plant and equipment		2,257	411,325	143	460
- assets held for sale		28,716	248,000	-	76,347
- other investment		2,040	-	-	-
Purchase of other investments		(29,261)	-	-	-
Purchase of property, plant and equipment		(57,410)	(61,052)	(1,609)	(2,170)
Withdrawal of deposits pledged with licensed banks		1,028	-	-	-
Subtotal		(35,917)	623,229	(22,158)	103,970

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subtotal (continued)		(35,917)	623,229	(22,158)	103,970
Redemptions of non-cumulative redeemable convertible preference shares 23(d)		-	-	77,982	78,428
Repayments from subsidiaries		-	-	51,786	225,564
Net cash flows (used in)/from investing activities		(35,917)	623,229	107,610	407,962
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	18	(34,505)	(151,820)	(34,505)	(151,820)
Dividends paid to non-controlling interests		(16,627)	(2,263)	-	-
Interest paid		(20,077)	(32,190)	(14,614)	(20,237)
Net drawdowns/(repayments) of bankers' acceptances	39(j)	24,817	(35,837)	-	-
Net repayments of revolving credits	39(j)	(105,500)	(94,283)	(42,500)	(145,783)
Net repayments of Sukuk Murabahah Islamic Commercial Papers	39(j)	-	(50,000)	-	-
Net repayments of Sukuk Murabahah Medium Term Notes	39(j)	(90,000)	(60,000)	-	-
Net repayments of term loans	39(j)	(88,519)	(315,925)	(88,519)	(315,925)
Payments of lease interest	20(j)	(70)	(187)	(3)	(3)
Payments of lease liabilities	20(j)	(649)	(1,035)	(23)	(26)
Proceeds from issuance of preference shares to non-controlling interest		2,736	-	-	-
Net cash flows used in financing activities		(328,394)	(743,540)	(180,164)	(633,794)
Net (decrease)/increase in cash and cash equivalents		(137,630)	87,420	(11,150)	(116,689)
Effects of exchange rate changes		12,433	(3,940)	-	-
Cash and cash equivalents as at beginning of financial year		376,231	292,751	42,512	159,201
Cash and cash equivalents as at end of financial year	34(d)	251,034	376,231	31,362	42,512

The accompanying notes form an integral part of the financial statements.

TSH RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

TSH Resources Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad and Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office of the Company is located at Level 10, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Bangunan TSH, TB 9, KM 7, Apas Road, 91000 Tawau, Sabah.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint ventures. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 1 April 2024.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and forest plantation. The principal activities of the subsidiaries are primarily involved in investment holding, oil palm cultivation and processing, generation and supply of electricity from biomass plants, forest plantation, manufacture and sales of cocoa products and downstream wood products and other related business activities. The principal activities and details of the subsidiaries are stated in Note 23 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 44.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

3. BASIS OF PREPARATION (continued)

The Group has positive cash flows from its business activities and has sufficient credit facilities in place to meet its operational requirements (as disclosed further in Note 5(b)(ii) to the financial statements), notwithstanding that the current liabilities of the Company exceeded its current assets by RM201,237,000 as at 31 December 2023. In addition, the Group and the Company carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient funds available to meet their obligations as and when they fall due. Historical results of the treasury management show that the Group and the Company have the ability to meet their obligations as and when they fall due and the Group and the Company have not defaulted on any obligations due or payable to financial institutions or creditors.

The Directors are confident that the Group and the Company will continue to operate profitably and generate sufficient cash flows from operations in the foreseeable future, together with continuous financial support from the lenders and shareholders.

4. SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements.

For management purposes, the Group is organised into business units based on their products and services, and the operation of oil palm plantations, manufacture and sale of crude palm oil and palm kernel has been designated as a reportable segment under "Palm products" segment.

Other non-reportable segments include manufacture and sale of downstream wood products, operation of a forest management unit, manufacture, sale and trading of cocoa products, and generation and supply of electricity from biomass plants, which do not individually meet the quantitative thresholds in respect of profit or loss required for separate disclosure as reporting segments. Accordingly, financial information for these segments has been combined and presented under the "Others" segment.

Group financing (including finance costs), income taxes, share of results of associate and joint ventures are managed on a group basis and are not allocated to operating segments.

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4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2023					
Revenue					
External customers	998,080	68,436	-		1,066,516
Inter-segment	22,224	-	(22,224)	(a)	-
Total revenue	1,020,304	68,436	(22,224)		1,066,516
Results					
Interest income	60,374	1,361	(48,337)		13,398
Dividend income	1	-	-		1
Depreciation and amortisation	(87,805)	(13,336)	-		(101,141)
Gain on disposal of assets held for sale	27,604	-	-		27,604
Gain on disposal of property, plant and equipment	618	(172)	-		446
Other material non-cash items	(9,698)	(4,648)	-	(b)	(14,346)
Segment profit/(loss)	251,587	(11,805)	(41,945)	(c)	197,837
Assets:					
Additions to non-current assets (including assets held for sale)	51,083	13,459	-	(d)	64,542
Segment assets (including assets held for sale)	1,981,589	588,421	275,012	(e)	2,845,022
Segment liabilities	119,628	18,517	401,596	(f)	539,741

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2022					
Revenue					
External customers	1,202,038	103,961	-		1,305,999
Inter-segment	23,776	-	(23,776)	(a)	-
Total revenue	1,225,814	103,961	(23,776)		1,305,999
Results					
Interest income	70,981	1,202	(62,337)		9,846
Dividend income	18	-	-		18
Depreciation and amortisation	(88,057)	(13,925)	-		(101,982)
Gain on disposal of assets held for sale	84,585	-	-		84,585
Gain on disposal of property, plant and equipment	311,924	83	-		312,007
Impairment losses on property, plant and equipment	(17,414)	(38,839)	-		(56,253)
Other material non-cash items	(16,957)	(46,063)	-	(b)	(63,020)
Segment profit/(loss)	671,673	(77,493)	(36,883)	(c)	557,297
Assets:					
Additions to non-current assets (including assets held for sale)	74,383	10,377	-	(d)	84,760
Segment assets (including assets held for sale)	2,055,369	619,001	284,908	(e)	2,959,278
Segment liabilities	133,247	31,537	662,436	(f)	827,220

4. SEGMENT INFORMATION (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- (a) Inter-segment revenue is eliminated on consolidation.
- (b) Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	2023	2022
	RM'000	RM'000
Fair value gain/(loss) on forward currency contracts	4,115	(3,607)
Fair value gain on commodity future contracts	149	1,899
Inventories written back/(written down)	6,375	(13,943)
Inventories written off	(6,798)	(5,578)
Impairment losses on goodwill	(7,769)	(211)
Gain/(Loss) from fair value adjustments of forest planting expenditure	341	(37,240)
Net gain/(loss) from fair value adjustments of fresh fruit bunches	432	(3,383)
Net write back on trade receivables	220	885
Net unrealised foreign exchange (loss)/gain	(7,080)	3,944
Net impairment losses on other receivables	(3,882)	(5,139)
Property, plant and equipment written off	(449)	(454)
Right-of-use assets written off	-	(193)
	(14,346)	(63,020)

- (c) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the statements of comprehensive income:

	2023	2022
	RM'000	RM'000
Share of profit of associate	11,189	18,477
Share of (loss)/profit of joint ventures	(2,993)	31,621
Finance costs	(20,147)	(32,377)
Unallocated corporate expenses	(29,994)	(54,604)
	(41,945)	(36,883)

- (d) Additions to non-current assets (including assets held for sale) consist of:

	2023	2022
	RM'000	RM'000
Property, plant and equipment	57,910	61,673
Biological assets	2,001	2,501
Right-of-use assets - land use rights	4,631	20,586
	64,542	84,760

4. SEGMENT INFORMATION (continued)

- (e) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

	2023	2022
	RM'000	RM'000
Investment in an associate	78,645	77,437
Investments in joint ventures	103,090	106,083
Tax recoverable	17,995	8,789
Deferred tax assets	473	6,026
Unallocated amounts	74,809	86,573
	275,012	284,908

- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	2023	2022
	RM'000	RM'000
Deferred tax liabilities	86,973	86,555
Loans and borrowings	302,120	559,111
Unallocated amounts	12,503	16,770
	401,596	662,436

Geographical information

Revenue and non-current assets information are presented based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	305,414	448,802	996,928	1,008,207
Indonesia	724,094	783,620	1,126,320	1,102,143
United States of America	16,323	40,079	-	-
Southwest Pacific	13,628	23,526	-	-
Others	7,057	9,972	-	-
	1,066,516	1,305,999	2,123,248	2,110,350

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The objectives of the Group's capital management are to ensure that it maintains a good credit rating and healthy capital ratios in order to support a balanced growth objective in its business, maintain an optimal capital structure to reduce the cost of capital and ultimately maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the free cash flow position. To achieve this objective, the Group may adjust the Group internal plans in its expansion of plantation land areas and plantation programme. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a debt/equity ratio, which among other things is aimed at ensuring its financial covenant under the current banking facilities of 1.5 level is met. However, the Group seeks to maintain a net debt/equity ratio at below 1.0 level.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans and borrowings	302,120	559,111	230,257	358,596
Less: Cash and bank balances	(250,138)	(375,580)	(31,207)	(42,362)
Less: Short term funds	(5,349)	(6,385)	(155)	(150)
Net debt	46,633	177,146	198,895	316,084
Total equity	2,305,281	2,132,058	978,197	998,864
Debt*/equity ratio	0.13	0.26	0.24	0.36
Net debt/equity ratio	0.02	0.08	0.20	0.32

* Represents loans and borrowings.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2023.

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Directors and Head of Finance. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short term funds and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Information regarding credit enhancements for trade and other receivables and credit risk concentration profiles has been disclosed in Note 27 to the financial statements.

(ii) Liquidity risk

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. While the Group is in net current assets position, the Company is in net current liabilities position. In this regard, the Group maintains centralised treasury functions where all strategic funding requirements of the Company are managed. The Company diligently manages its debt maturity profile, operating cash flows and various sources of funding after taking in account of refinancing, repayment and funding requirements to provide an adequate liquidity buffer. Besides maintaining a reasonable level of cash and cash convertible investments to meet its working capital needs, the Company also ensures it has sufficient undrawn credit facilities available to complement its overall liquidity management. As at 31 December 2023, the Company has RM367,296,000 in unused credit facilities.

At the end of the reporting period, approximately 63% and 52% (2022: 71% and 54%) of the Group's and of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The analysis of financial instruments by remaining contractual maturities is disclosed in Notes 20, 32, 39 and 41 to the financial statements.

(iii) Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 20, 27, 34, 39 and 41 to the financial statements.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, which are United States Dollars (USD), Australian Dollars (AUD), Euro (EUR), Indonesia Rupiah (IDR), Singapore Dollar (SGD) and RM. The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 96% (2022: 94%) of the Group's sales and 94% (2022: 95%) of cost of sales are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group may require its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2023, the Group hedged 100% (2022: 47%) of its foreign currency denominated loans and borrowings for which firm commitments existed at the end of the reporting period, extending to November 2025 (2022: November 2023).

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk are as follows:

Group	USD RM'000	AUD RM'000	EUR RM'000	IDR RM'000	SGD RM'000	RM RM'000
2023						
Investment securities	7,471	-	-	-	-	-
Trade and other receivables	2,563	3,511	538	-	-	278
Cash and bank balances	2,596	540	96	9,279	38	26,174
Loans and borrowings	(61,506)	-	-	-	-	-
Trade and other payables	(1,583)	(446)	(1,158)	-	-	(25)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk are as follows (continued):

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000	RM RM'000
2022							
Trade and other receivables	3,118	3,142	-	287	-	-	276
Cash and bank balances	2,016	324	-	88	9,865	1,335	24,830
Loans and borrowings	(106,062)	-	-	-	-	-	-
Trade and other payables	(2,146)	(153)	(96)	(405)	-	(237)	(6)

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk are as follows (continued):

Company	USD RM'000	IDR RM'000	SGD RM'000
2023			
Trade and other receivables	-	109,287	123
Cash and bank balances	236	8,678	38
Loans and borrowings	(61,506)	-	-
Trade and other payables	-	(50,162)	(845)
2022			
Trade and other receivables	-	171,244	-
Cash and bank balances	892	9,865	3
Loans and borrowings	(106,062)	-	-
Trade and other payables	-	(48,241)	(237)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and Company's profit net of tax to a reasonably possible change in the USD, AUD, GBP, EUR, IDR, SGD and RM exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

	Profit net of tax			
	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
USD/RM - strengthened by 5%	(2,273)	(3,934)	(2,328)	(3,996)
- weakened by 5%	2,273	3,934	2,328	3,996
USD/SGD - strengthened by 5%	355	15	-	-
- weakened by 5%	(355)	(15)	-	-
USD/IDR - strengthened by 5%	-	2	-	-
- weakened by 5%	-	(2)	-	-
AUD/RM - strengthened by 5%	137	114	-	-
- weakened by 5%	(137)	(114)	-	-
GBP/RM - strengthened by 5%	-	(4)	-	-
- weakened by 5%	-	4	-	-
EUR/RM - strengthened by 5%	(20)	(1)	-	-
- weakened by 5%	20	1	-	-
IDR/RM - strengthened by 5%	330	375	2,576	5,049
- weakened by 5%	(330)	(375)	(2,576)	(5,049)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group's and Company's profit net of tax to a reasonably possible change in the USD, AUD, GBP, EUR, IDR, SGD and RM exchange rates against the respective functional currency of the Group entities, with all other variables held constant. (continued)

	Profit net of tax			
	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
IDR/SGD - strengthened by 5%	23	-	-	-
- weakened by 5%	(23)	-	-	-
SGD/IDR - strengthened by 5%	-	51	-	-
- weakened by 5%	-	(51)	-	-
SGD/RM - strengthened by 5%	2	(9)	(26)	(9)
- weakened by 5%	(2)	9	26	9
RM/SGD - strengthened by 5%	7	-	-	-
- weakened by 5%	(7)	-	-	-
RM/IDR - strengthened by 5%	998	954	-	-
- weakened by 5%	(998)	(954)	-	-

(v) Market price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia and are classified as held for trading.

The sensitivity analysis of market price risk has been disclosed in Note 28 to the financial statements.

6. REVENUE

Continuing operations

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- Sales of oil palm products	998,080	1,202,038	-	-
- Sales of wood products	40,088	74,400	-	-
- Revenue from supply of electricity	13,978	11,696	-	-
- Sales of cocoa beans and cocoa products	7,966	5,546	-	-
- Sales of timber and latex	4,271	7,112	4,067	6,770
- Revenue from supply and installation services	1,116	4,369	-	-
- Sales of ramets and laran plantlet and plantable	1,017	838	-	-
	1,066,516	1,305,999	4,067	6,770

6. REVENUE (continued)

Continuing operations (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other revenue				
- Management fees	-	-	22,224	23,776
- Dividend income from subsidiaries, associate and joint ventures	-	-	88,233	165,398
	1,066,516	1,305,999	114,524	195,944
Timing of revenue recognition				
- Over time	1,116	4,369	-	-
- At a point in time	1,065,400	1,301,630	4,067	6,770
	1,066,516	1,305,999	4,067	6,770

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

(a) Sales of goods and supply of electricity

Revenue from sales of goods and supply of electricity are recognised at a point in time when the products have been transferred or the services have been rendered to the customers and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and service-type warranty provided to the customers on the sales of products and services rendered.

There is no significant financing component in the revenue arising from sales of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

(b) Supply and installation service contracts

Revenue from supply and installation service contracts is measured at the fixed transaction price agreed under the agreement.

Revenue from supply and installation service contracts is recognised over the period of the contract using the input method by reference to the costs incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time.

If control of asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

6. REVENUE (continued)

Continuing operations (continued)

(c) Management fees

Management fees are recognised during the period in which the services are rendered.

(d) Dividend income

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

7. COST OF SALES

Continuing operations

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost of inventories sold	655,509	795,693	3,140	4,021
Supply and installation service costs	755	4,048	-	-
Cost of services rendered	11,813	13,329	-	-
	668,077	813,070	3,140	4,021

8. INTEREST INCOME

Continuing operations

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income from:				
Amounts due from subsidiaries	-	-	16,837	30,105
Financial assets	1,064	-	-	-
Plasma receivables	3,147	3,237	-	-
Short-term deposits	9,187	6,609	969	1,812
	13,398	9,846	17,806	31,917

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

9. DIVIDEND INCOME

Continuing operations

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividend income from:				
Short term investments (unquoted in Malaysia)	1	18	1	18

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

10. OTHER INCOME

Continuing operations

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bad debts recovered	118	-	-	-
Fair value gain on forward currency contracts	4,115	-	4,145	-
Fair value gain on commodity future contracts	149	1,899	-	-
Fair value gain on short term funds	162	10	4	3
Gain from fair value adjustment of forest planting expenditure (Note 21)	341	-	2,613	-
Gain on disposal of:				
- property, plant and equipment	446	312,007	143	393
- assets held for sale (Note 35)	27,604	84,585	-	-
Gain on lease reassessments	31	169	-	-
Gain on remeasurement of financial guarantees contracts (Note 41(d))	24	47	249	-
Insurance claims received and receivable	2,385	5,732	-	-
Inventories written back (Note 29(e))	6,375	-	-	-
Management fee	3,392	4,110	-	-
Net gain from fair value adjustment of fresh fruit bunches (Note 21)	432	-	-	-
Net gain on foreign exchange				
- unrealised	-	3,944	4,431	5,343
Realised gain from commodity future contracts	313	-	-	-
Realised gain from forward currency contracts	-	1,273	-	-
Rent concessions (Note 20)	-	1	-	1
Rental income	1,073	1,007	2,992	3,104
Sales of scrap iron	462	910	-	-
Miscellaneous	2,838	1,821	123	138
	50,260	417,515	14,700	8,982

Rental income

Rental income is recognised on a straight line basis over the period of tenancy.

11. FINANCE COSTS

Continuing operations

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
Amounts due to subsidiaries	-	-	7,093	13,625
Bank overdrafts	29	34	-	-
Bankers' acceptances	1,287	636	-	-
Lease liabilities	70	187	3	3
Revolving credits	5,769	4,679	3,762	4,293
Term loans	10,853	15,944	10,852	15,944
Others	10	20	-	-
	18,018	21,500	21,710	33,865
Islamic financing distribution payment:				
Sukuk Murabahah Medium Term Notes	2,195	6,607	-	-
Buy-back premium on Medium Term Notes	-	3,120	-	-
Sukuk Murabahah Islamic Commercial Papers	-	1,330	-	-
	2,195	11,057	-	-
Total finance costs	20,213	32,557	21,710	33,865
Less: Interest expense capitalised in bearer plants and forest planting expenditure	(66)	(180)	-	-
Net finance costs	20,147	32,377	21,710	33,865

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 expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Interest expense capitalised under bearer plants of the Group amounted to RM56,000 (2022: RM53,000) and under biological assets of the Group amounted to RM10,000 (2022: RM127,000) at interest rates ranging from 4.99% to 5.44% (2022: 3.37% to 5.01%).

12. PROFIT BEFORE TAX

Continuing operations

- (a) Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Auditors' remuneration:					
BDO PLT and affiliates					
- statutory audits		520	531	174	165
- non-statutory audit					
- tax compliance and advisory services:					
- current year		49	40	-	-
- under/(over)provision in prior years		16	(1)	-	-
- other services		544	83	539	73
Other auditors					
- statutory audits:					
- current year		349	327	-	-
- under provision in prior years		2	4	-	-
Bad debts written off		-	241	-	-
Depreciation of property, plant and equipment		90,255	90,725	2,214	2,310
Depreciation of right-of-use assets		9,705	10,076	61	68
Employee benefits expense	13	123,530	113,207	28,653	29,680
Fair value loss on investment securities		-	2	-	2
Fair value loss on forward currency contracts		-	3,607	-	3,267
Inventories written down	29(d)	-	13,943	-	-
Inventories written off	29(c)	6,798	5,578	-	-
Impairment losses on:					
- property, plant and equipment	19	-	56,253	-	-
- goodwill	22	7,769	211	-	-
- investment in subsidiaries	23(c)	-	-	46,784	949
Loss from fair value adjustment of forest planting expenditure	21	-	37,240	-	38,189
Loss from fair value adjustment of fresh fruit bunches	21	-	3,383	-	-
Losses arising from dissolution of subsidiaries		-	341	-	-
Loss on disposal of financial assets		192	-	-	-
Loss on remeasurement of financial guarantee contracts	41(d)	-	-	-	217
Net loss on foreign exchange:					
- realised		1,889	29,729	2,036	30,700
- unrealised		7,080	-	-	-
Non-Executive Directors' remuneration	14	4,845	5,596	1,735	1,153
Property, plant and equipment written off		449	454	-	1
Right-of-use assets written off		-	193	-	193
Realised loss on commodity future contracts		-	9,072	-	-
Realised loss on forward currency contracts		295	-	-	-
Rental expenses on premises		112	260	112	136

12. PROFIT BEFORE TAX (continued)

Continuing operations (continued)

(b) Net impairment (losses)/write back on financial assets recognised in profit or loss were as follows:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment losses on:					
- trade receivables	27(a)	(138)	(514)	-	-
- other receivables	27(b)	(4,206)	(5,151)	-	-
		(4,344)	(5,665)	-	-
Write back of impairment losses on:					
- trade receivables	27(a)	358	1,399	-	-
- other receivables	27(b)	324	12	11	-
- amounts due from subsidiaries	27(c)	-	-	303	9,719
		682	1,411	314	9,719
Net impairment (losses)/write back on financial assets		(3,662)	(4,254)	314	9,719

13. EMPLOYEE BENEFITS EXPENSE

Continuing operations

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries		105,815	100,266	25,911	26,716
Contributions to defined contribution plan		4,476	5,216	2,789	2,824
Social security contributions		9,100	8,178	172	160
Increase in liability for defined benefit plan		5,346	1,077	-	-
		124,737	114,737	28,872	29,700
Less: Amount capitalised in bearer plants	19(d)	(732)	(773)	-	-
Less: Amount capitalised in forest planting expenditure	21(a)	(475)	(757)	(219)	(20)
		123,530	113,207	28,653	29,680

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM5,232,000 (2022: RM7,333,000) and RM5,163,000 (2022: RM6,810,000) respectively as further disclosed in Note 14 to the financial statements.

14. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive:					
Salaries and bonus		4,510	5,972	4,448	5,907
Other emoluments		722	1,361	715	903
<hr/>					
Total Executive Directors' remuneration (excluding benefits-in-kind)	13	5,232	7,333	5,163	6,810
Estimated money value of benefits-in-kind		284	422	284	422
<hr/>					
Total Executive Directors' remuneration (including benefits-in-kind)		5,516	7,755	5,447	7,232
<hr/>					
Non-Executive:					
Fees		358	294	281	276
Salaries		2,730	4,149	-	-
Other emoluments		1,757	1,153	1,454	877
<hr/>					
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	12	4,845	5,596	1,735	1,153
Estimated money value of benefits-in-kind		303	289	303	289
<hr/>					
Total Non-Executive Directors' remuneration (including benefits-in-kind)		5,148	5,885	2,038	1,442
<hr/>					
Total Directors' remuneration		10,664	13,640	7,485	8,674

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	2023	2022
Executive Directors:		
RM1,350,000 - RM1,400,000	-	1
RM1,750,000 - RM1,800,000	-	1
RM1,850,000 - RM1,900,000	1	-
RM3,600,000 - RM3,650,000	1	-
RM4,600,000 - RM4,650,000	-	1
Non-Executive Directors:		
Below RM50,000	3	2
RM50,000 - RM100,000	3	3
RM150,000 - RM200,000	1	-
RM600,000 - RM650,000	-	1
RM1,000,000 - RM1,050,000	1	-
RM3,650,000 - RM3,700,000	1	-
RM4,950,000 - RM5,000,000	-	1

15. TAXATION

Continuing operations

(a) Major components of taxation

The major components of taxation for the financial years ended 31 December 2023 and 31 December 2022 are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	3,439	7,237	-	-
- Foreign tax	50,559	57,473	-	-
- Real Property Gains Tax ("RPGT")	-	15,102	-	-
- Withholding tax on foreign dividend income	12,332	-	3,854	-
	66,330	79,812	3,854	-
Under/(Over) provision in prior years:				
- Malaysian income tax	91	(204)	17	-
- Foreign income tax	(42)	451	-	-
	49	247	17	-
Deferred tax				
- Origination and reversal of temporary differences	3,520	(47,938)	42	(8,745)
- Under provision in prior years	2,113	183	1,918	465
	5,633	(47,755)	1,960	(8,280)
Taxation recognised in profit and loss	72,012	32,304	5,831	(8,280)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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15. TAXATION (continued)

Continuing operations (continued)

(b) Reconciliation between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 31 December 2022 is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	197,837	557,297	19,669	81,711
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	47,481	133,751	4,720	19,610
Different tax rates in other countries	(4,756)	(10,755)	-	-
Tax effects in respect of:				
Non-deductible expenses	13,587	24,474	19,218	19,030
Income not subject to taxation	(6,388)	(90,100)	(23,896)	(47,385)
Revenue expenditure capitalised in biological assets	(23)	-	-	-
Share of profit of associate	(2,685)	(4,434)	-	-
Share of loss/(profit) of joint ventures	718	(7,589)	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed allowances	(65)	(211)	-	-
Effect of different tax rate for small and medium scale company	(7)	(14)	-	-
Effect of investment cost in subsidiaries eligible for tax deduction	-	(840)	-	-
Crystallisation of deferred tax upon disposal of assets held for sale	-	(33,651)	-	-
Deferred tax assets not recognised	9,656	6,141	-	-
Real Property Gain Tax ("RPGT")	-	15,102	-	-
Withholding tax on foreign dividend income	12,332	-	3,854	-
Under provision of current tax expense in prior years	49	247	17	-
Under provision of deferred tax in prior years	2,113	183	1,918	465
Taxation recognised in profit and loss	72,012	32,304	5,831	(8,280)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

15. TAXATION (continued)

Continuing operations (continued)

(c) Value-added tax (“VAT”)

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

(i) Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and

(ii) Receivables and payables that are stated with the amount of VAT included.

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

(d) Tax effect on each component of other comprehensive income is as follows:

	Before tax RM'000	Tax effect RM'000	After tax RM'000
Group			
At 31 December 2023			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	96,886	-	96,886
Net loss on financial assets measured at fair value through other comprehensive income (“FVOCI”)	(261)	-	(261)
Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal	97	-	97
	96,722	-	96,722
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	(870)	194	(676)
At 31 December 2022			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	(53,856)	-	(53,856)
Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries	339	-	339
	(53,517)	-	(53,517)
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	1,340	(263)	1,077

16. DISCONTINUED OPERATIONS

On 6 July 2021, the Company entered into a sale and purchase agreement with Sharikat Keratong Sdn. Bhd. for the disposal of an oil palm estate for a total consideration of RM76,000,000.

The disposals were completed in the previous financial year.

Disposal of the only oil palm estate of the Company represented a discontinued operation as it represented a separate major line of business of the Company. The analysis of the results of the discontinued operation was as follows:

	Note	Company 2022 RM'000
Revenue		2,036
Expenses		(671)
Gain on disposal of assets held for sale		13,822
Profit before tax	16.1	15,187
Taxation	16.2	9,674
Profit for the financial year from discontinued operations, net of tax		24,861

16.1 Profit before tax

The following items have been included in arriving at profit before tax from discontinued operations:

	Company 2022 RM'000
After charging:	
Employee benefits expense	230
Inventories written-off	3
Loss on fair value adjustments of fresh fruit bunches	201
Property, plant and equipment written-off	11

- (a) In the previous financial year, employee benefits expense capitalised in bearer plants amounted to RM51,000.
- (b) In the previous financial year, the amount of inventories recognised as an expense in cost of sales of the Company is RM310,000.

16. DISCONTINUED OPERATIONS (continued)

16.2 Taxation

	Company 2022 RM'000
Statements of comprehensive income:	
Current income tax:	
- Real Property Gain Tax ("RPGT")	2,420
	2,420
Deferred tax	
- Reversal of temporary differences	(11,696)
- Over provision in prior year	(398)
	(12,094)
Taxation recognised in profit or loss	(9,674)

16.3 Cash flows attributable to discontinued operations

	Company 2022 RM'000
Net cash used in operating activities	(840)
Net cash from investing activities	76,116
	75,276

17. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group	
	2023	2022
Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000)	95,112	456,407
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	6.89	33.07

17. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the reporting period and the date of authorisation of these financial statements.

18. DIVIDENDS

	Group and Company	
	2023	2022
	RM'000	RM'000
Recognised during the year:		
Final single-tier dividend for financial year ended 31 December 2022 of 2.5 sen per ordinary share	34,505	-
First and final single-tier dividend for financial year ended 31 December 2021 of 3.0 sen per ordinary share	-	41,406
First interim single-tier dividend for financial year ended 31 December 2022 of 8.0 sen per ordinary share	-	110,414
	34,505	151,820

On 22 February 2024, the Directors declared a first and final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2023. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

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19. PROPERTY, PLANT AND EQUIPMENT

Group	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2023								
Carrying amount								
Balance as at 1 January 2023	855,054	58,100	183,795	7,410	107,146	34,082	10,969	1,256,556
Additions	11,299	320	808	6,308	13,127	1,438	24,610	57,910
Disposals	-	(218)	-	(114)	(1,462)	(17)	-	(1,811)
Write-offs	-	(30)	(129)	(1)	(214)	(75)	-	(449)
Reclassifications	-	9,938	1,141	-	16,144	-	(27,223)	-
Reclassified to assets held for sale	-	-	-	-	-	(15)	-	(15)
Depreciation charged for the financial year	(42,105)	(9,317)	(12,280)	(3,454)	(22,071)	(1,265)	-	(90,492)
Exchange differences	45,038	2,653	5,604	290	1,988	59	425	56,057
Balance as at 31 December 2023	869,286	61,446	178,939	10,439	114,658	34,207	8,781	1,277,756

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2022								
Carrying amount								
Balance as at 1 January 2022	1,156,826	62,874	236,542	2,594	105,401	34,033	11,942	1,610,212
Additions	10,510	2,584	624	8,438	15,837	1,110	22,570	61,673
Disposals	(28,953)	-	(51)	(788)	(726)	(25)	-	(30,543)
Write-offs	-	(41)	(91)	-	(300)	(22)	-	(454)
Reclassifications	-	5,213	3,481	-	14,257	264	(23,215)	-
Reclassified to assets held for sale (Note 35)	(187,565)	(1,671)	(6,571)	(1)	(546)	(62)	-	(196,416)
Impairment for the financial year	(17,414)	-	(34,040)	-	(4,799)	-	-	(56,253)
Depreciation charged for the financial year	(44,347)	(9,156)	(13,281)	(2,577)	(20,565)	(1,202)	-	(91,128)
Exchange differences	(34,003)	(1,703)	(2,818)	(256)	(1,413)	(14)	(328)	(40,535)
Balance as at 31 December 2022	855,054	58,100	183,795	7,410	107,146	34,082	10,969	1,256,556

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	----- At 31.12.2023 -----			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,200,975	(314,222)	(17,467)	869,286
Plantation infrastructure	144,881	(83,435)	-	61,446
Buildings	359,676	(146,696)	(34,041)	178,939
Motor vehicles	49,480	(39,041)	-	10,439
Plant, machinery and equipment	455,971	(336,514)	(4,799)	114,658
Furniture, fittings and renovation	59,734	(24,506)	(1,021)	34,207
Assets under construction	193,645	-	(184,864)	8,781
	2,464,362	(944,414)	(242,192)	1,277,756

Group	----- At 31.12.2022 -----			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,129,304	(257,720)	(16,530)	855,054
Plantation infrastructure	128,608	(70,508)	-	58,100
Buildings	348,599	(130,764)	(34,040)	183,795
Motor vehicles	45,158	(37,748)	-	7,410
Plant, machinery and equipment	436,774	(324,829)	(4,799)	107,146
Furniture, fittings and renovation	59,359	(24,252)	(1,025)	34,082
Assets under construction	195,833	-	(184,864)	10,969
	2,343,635	(845,821)	(241,258)	1,256,556

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2023							
Carrying amount							
Balance as at 1 January 2023	10,806	35,975	1,359	1,086	2,281	1,942	53,449
Additions	-	7	-	509	102	991	1,609
Depreciation charged for the financial year	(163)	(1,027)	(271)	(347)	(408)	-	(2,216)
Balance as at 31 December 2023	10,643	34,955	1,088	1,248	1,975	2,933	52,842

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2022							
Carrying amount							
Balance as at 1 January 2022	10,969	37,016	652	889	2,421	1,942	53,889
Additions	-	-	1,076	606	257	-	1,939
Disposals	-	-	(66)	(1)	-	-	(67)
Write-offs	-	-	-	(1)	-	-	(1)
Depreciation charged for the financial year	(163)	(1,041)	(303)	(407)	(397)	-	(2,311)
Balance as at 31 December 2022	10,806	35,975	1,359	1,086	2,281	1,942	53,449

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	At 31.12.2023		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plantation infrastructure	13,144	(2,501)	10,643
Buildings	51,188	(16,233)	34,955
Motor vehicles	8,935	(7,847)	1,088
Plant, machinery and equipment	14,226	(12,978)	1,248
Furniture, fittings and renovation	12,549	(10,574)	1,975
Assets under construction	2,933	-	2,933
	102,975	(50,133)	52,842

Company	At 31.12.2022		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plantation infrastructure	13,144	(2,338)	10,806
Buildings	51,181	(15,206)	35,975
Motor vehicles	9,642	(8,283)	1,359
Plant, machinery and equipment	13,800	(12,714)	1,086
Furniture, fittings and renovation	12,447	(10,166)	2,281
Assets under construction	1,942	-	1,942
	102,156	(48,707)	53,449

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. The mature bearer plants are depreciated over their estimated useful lives of twenty-two (22) to twenty-five (25) years on a straight-line basis. The immature bearer plants are not depreciated until such time when they are available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plantation infrastructure	4%
Buildings	2%
Motor vehicles	10% to 20%
Plant, machinery and equipment	5% to 33%
Furniture, fittings and renovation	5% to 10%

Assets under construction are stated at cost and not depreciated as the assets are not yet available for use.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) Depreciation capitalised under bearer plants and biological assets during the financial year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Property, plant and equipment</u>				
Bearer plants (Note 19(d))	230	304	-	-
<u>Biological assets</u>				
Forest planting expenditure (Note 21(a))	7	99	2	1

- (d) Included in bearer plants during the financial year are:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment (Note 19(c))	230	304	-	-
Depreciation of right-of-use assets (Note 20(d))	270	317	-	-
Interest expense (Note 11)	56	53	-	-
Employee benefits expense (Note 13)	732	773	-	-

- (e) Management estimates the useful lives of plant and machinery to be between 3 to 20 years. These are common life expectancies applied in the palm oil and woods industries. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Sensitivity analysis for depreciation rate

	Profit net of tax	
	Group	
	2023	2022
	RM'000	RM'000
Depreciation rate		
- increased by 10%	(2,207)	(2,057)
- decreased by 10%	2,207	2,057

- (f) The Group assessed whether there were any indicators of impairment of property, plant and equipment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units (“CGUs”). Management considered the losses in certain subsidiaries in the current financial year as impairment indicators.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

(f) (continued)

A CGU's recoverable amount is based on value-in-use. Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, to the CGU.

The disclosures of the key inputs and assumptions are set out as follows:

- (i) The CPO price and pre-tax discount rate applied to the cash flow projections are as follows:

	2023	2022
CPO price (RM/MT)	3,800	3,800
Pre-tax discount rates (%)	10.00 - 13.00	10.00 - 13.00

- (ii) The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

CPO price - CPO price is based on average historical prices in the previous financial year immediately before the budgeted period.

FFB yields - FFB yields are based on the average yields achieved in the previous financial year immediately before the budgeted period.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

In the previous financial year, the Group had determined that the recoverable amount of the bearer plant in respect of a loss making subsidiary in Indonesia was lower than its carrying amount. Accordingly, impairment loss amounted to RM17,414,000 had been recognised within other expenses in the Statements of Comprehensive Income.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, the management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

- (g) In the previous financial year, the Group had determined that the recoverable amounts of certain plant, machinery and equipment and buildings in relation to others segment of the Group were lower than their carrying amounts mainly due to cessation of an operation engaged in hiring business. Accordingly, impairment losses amounted to RM34,040,000 on buildings and RM4,799,000 on plant, machinery and equipment had been recognised within other expenses in the Statements of Comprehensive Income.
- (h) During the current financial year, the Company disposed equipment and motor vehicle with carrying amounts of RM6 and RM2 respectively to its subsidiaries for a total consideration of RM17,507.
- (i) During the current financial year, the Company disposed equipment and motor vehicle with carrying amounts of RM2 and RM1 respectively to its related parties for a total consideration of RM45,002.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group and the Company as lessee

Right-of-use assets

Group	Long term leasehold land RM'000	Land use rights RM'000	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Total RM'000
2023						
Carrying amount						
At 1 January 2023	84,874	168,307	710	97	1,094	255,082
Additions	-	4,631	208	-	60	4,899
Depreciation charged for the financial year	(1,578)	(7,713)	(147)	(23)	(534)	(9,995)
Reclassified to assets held for sale	-	(3,765)	-	-	-	(3,765)
Exchange differences	-	7,314	-	-	31	7,345
Reassessments	-	-	(93)	-	(38)	(131)
At 31 December 2023	83,296	168,774	678	74	613	253,435

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

Group	Long term leasehold land RM'000	Land use rights RM'000	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2022							
Carrying amount							
At 1 January 2022	86,647	198,293	499	88	3,322	32	288,881
Additions	-	20,586	369	-	592	-	21,547
Disposals	-	(28,948)	-	-	-	-	(28,948)
Write-offs	(193)	-	-	-	-	-	(193)
Depreciation charged for the financial year	(1,580)	(7,728)	(139)	(26)	(902)	(32)	(10,407)
Reclassified to assets held for sale (Note 35)	-	(9,094)	-	-	-	-	(9,094)
Exchange differences	-	(4,802)	-	-	13	-	(4,789)
Reassessments	-	-	(19)	35	(1,931)	-	(1,915)
At 31 December 2022	84,874	168,307	710	97	1,094	-	255,082

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

Group	At 31.12.2023		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	99,818	(16,522)	83,296
Land use rights	272,609	(103,835)	168,774
Short term leasehold land	712	(34)	678
Equipment	238	(164)	74
Buildings	3,324	(2,711)	613
Motor vehicle	176	(176)	-
	376,877	(123,442)	253,435

Group	At 31.12.2022		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	99,818	(14,944)	84,874
Land use rights	262,209	(93,902)	168,307
Short term leasehold land	826	(116)	710
Equipment	238	(141)	97
Buildings	3,285	(2,191)	1,094
Motor vehicle	176	(176)	-
	366,552	(111,470)	255,082

Company	Long term leasehold land RM'000	Equipment RM'000	Total RM'000
2023			
Carrying amount			
At 1 January 2023	8,234	76	8,310
Depreciation charged for the financial year	(38)	(23)	(61)
At 31 December 2023	8,196	53	8,249

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

Company	Long term leasehold land RM'000	Equipment RM'000	Total RM'000
2022			
Carrying amount			
At 1 January 2022	8,468	68	8,536
Lease reassessment	-	35	35
Write-offs	(193)	-	(193)
Depreciation charged for the financial year	(41)	(27)	(68)
At 31 December 2022	8,234	76	8,310

Company	----- At 31.12.2023 -----		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	8,872	(676)	8,196
Equipment	202	(149)	53
	9,074	(825)	8,249

Company	----- At 31.12.2022 -----		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	8,872	(638)	8,234
Equipment	202	(126)	76
	9,074	(764)	8,310

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Lease liabilities

Group	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2023					
Carrying amount					
At 1 January 2023	1,175	78	682	-	1,935
Additions	209	-	-	-	209
Lease payments	(198)	(26)	(495)	-	(719)
Interest expense	44	3	23	-	70
Reassessments	(124)	-	(38)	-	(162)
Exchange difference	-	-	42	-	42
At 31 December 2023	1,106	55	214	-	1,375
2022					
Carrying amount					
At 1 January 2022	982	70	3,037	38	4,127
Additions	369	-	548	-	917
Lease payments	(194)	(29)	(960)	(39)	(1,222)
Interest expense	45	3	138	1	187
Reassessments	(27)	35	(2,092)	-	(2,084)
Rent concessions	-	(1)	-	-	(1)
Exchange difference	-	-	11	-	11
At 31 December 2022	1,175	78	682	-	1,935
Company					Equipment RM'000
2023					
Carrying amount					
At 1 January 2023					78
Lease payments					(26)
Interest expense					3
At 31 December 2023					55
2022					
Carrying amount					
At 1 January 2022					70
Lease payments					(29)
Interest expense					3
Reassessment					35
Rent concessions					(1)
At 31 December 2022					78

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Lease liabilities (continued)

Represented by:	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities	955	1,320	32	56
Current liabilities	420	615	23	22
Total lease liabilities	1,375	1,935	55	78
Lease liabilities owing to non-financial institutions	1,375	1,935	55	78

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Long term leasehold land	over the remaining lease period from 33 to 907 years
Land use rights	over the lease period from 20 to 30 years
Short term leasehold land	over the lease period from 4 to 20 years
Equipment	over the lease period from 2 to 6 years
Buildings	over the lease period from 2 to 5 years
Motor vehicle	over the lease period of 5 years

- (b) Included in land use rights of the Group are prepayments amounting to RM36,016,000 (2022: RM34,083,000), which the Group has yet to obtain the titles to use the rights as at the end of the reporting period.
- (c) The Group and the Company have certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM5,000 and below. The Group and the Company apply the “short-term lease” and “lease of low-value assets” exemptions for these leases.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

- (d) Depreciation capitalised under bearer plants and biological assets during the financial year is as follows:

	Group	
	2023	2022
	RM'000	RM'000
<u>Property, plant and equipment</u>		
Bearer plants (Note 19(d))	270	317
<u>Biological assets</u>		
Forest planting expenditure (Note 21(a))	20	14

- (e) The following are the amounts recognised in profit or loss:

	Group	
	2023	2022
	RM'000	RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	9,705	10,076
Interest expense on lease liabilities (included in finance costs)	70	187
Expense relating to short-term leases (included in administration expenses)	112	260
Rent concessions	-	(1)
	9,887	10,522

	Company	
	2023	2022
	RM'000	RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	61	68
Interest expense on lease liabilities (included in finance costs)	3	3
Expense relating to short-term leases (included in administration expenses)	112	136
Rent concessions	-	(1)
	176	206

- (f) During the financial year, the Group and the Company had total cash outflows for leases of RM831,000 (2022: RM1,482,000) and RM138,000 (2022: RM165,000) respectively.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

(g) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and the Company:

Group	Weighted average incremental borrowing rate per annum %	Within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 December 2023						
Lease liabilities						
Fixed rates	3.51% - 5.58%	420	291	274	390	1,375
31 December 2022						
Lease liabilities						
Fixed rates	2.35% - 5.58%	615	394	440	486	1,935
Company	Weighted average incremental borrowing rate per annum %	Within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 December 2023						
Lease liabilities						
Fixed rate	3.90%	23	20	12	-	55
31 December 2022						
Lease liabilities						
Fixed rate	3.92%	22	24	32	-	78

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

- (h) Sensitivity analysis for lease liabilities as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rate.
- (i) The table below summarises the maturity profile of the lease liabilities of the Group and the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
31 December 2023				
Lease liabilities	472	676	445	1,593
31 December 2022				
Lease liabilities	700	977	564	2,241
Company				
31 December 2023				
Lease liabilities	26	33	-	59
31 December 2022				
Lease liabilities	25	59	-	84

- (j) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	1,935	4,127	78	70
Additions	209	917	-	-
Cash flows				
- Payments of lease liabilities	(649)	(1,035)	(23)	(26)
- Payments of lease interest	(70)	(187)	(3)	(3)
Non-cash flows				
- Interest expense	70	187	3	3
- Reassessments	(162)	(2,084)	-	35
- Rent concessions	-	(1)	-	(1)
- Exchange differences	42	11	-	-
At 31 December	1,375	1,935	55	78

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessor

The Group and the Company have entered into non-cancellable lease agreements on certain properties, mainly for own use, for terms of between one (1) to four (4) years and renewable at the end of the lease period subject to an increase clause.

The Group and the Company have aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	569	836	475	805
Later than 1 year but not later than 2 years	298	497	212	497
Later than 2 years but not later than 3 years	265	138	185	138
Later than 3 years but not later than 4 years	72	62	62	62
	1,204	1,533	934	1,502

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21. BIOLOGICAL ASSETS

Group	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Non-current assets			
At cost/valuation			
At 1 January 2023	276,278	95,650	371,928
Additions during the financial year	2,001	-	2,001
Gain from fair value adjustment (Note 10)	341	-	341
At 31 December 2023	278,620	95,650	374,270
At 1 January 2022	311,017	95,650	406,667
Additions during the financial year	2,501	-	2,501
Loss from fair value adjustment (Note 12)	(37,240)	-	(37,240)
At 31 December 2022	276,278	95,650	371,928
Accumulated amortisation			
At 1 January 2023	-	(7,086)	(7,086)
Amortisation for the year: Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2023	-	(8,267)	(8,267)
At 1 January 2022	-	(5,905)	(5,905)
Amortisation for the year: Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2022	-	(7,086)	(7,086)
Net carrying amount:			
At cost/valuation			
At 31 December 2023	278,620	87,383	366,003
At 31 December 2022	276,278	88,564	364,842

21. BIOLOGICAL ASSETS (continued)

Company	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Non-current assets			
At cost/valuation			
At 1 January 2023	183,310	95,650	278,960
Additions during the financial year	1,200	-	1,200
Gain from fair value adjustment (Note 10)	2,613	-	2,613
At 31 December 2023	187,123	95,650	282,773
At 1 January 2022	220,881	95,650	316,531
Additions during the financial year	618	-	618
Loss from fair value adjustment (Note 12)	(38,189)	-	(38,189)
At 31 December 2022	183,310	95,650	278,960
Accumulated amortisation			
At 1 January 2023	-	(7,086)	(7,086)
Amortisation for the year: Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2023	-	(8,267)	(8,267)
At 1 January 2022	-	(5,905)	(5,905)
Amortisation for the year: Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2022	-	(7,086)	(7,086)
Net carrying amount:			
At cost/valuation			
At 31 December 2023	187,123	87,383	274,506
At 31 December 2022	183,310	88,564	271,874

21. BIOLOGICAL ASSETS (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current assets				
At fair value				
<u>Fresh fruit bunches</u>				
At beginning of financial year	13,531	17,346	-	201
Changes in fair value less costs to sell	432	(3,383)	-	(201)
Exchange differences	734	(432)	-	-
At end of financial year	14,697	13,531	-	-

The nature and purpose of each category of biological assets are as follows:

- (a) Forest planting expenditure
- (i) Forest planting expenditure represents Industrial Timber Plantation expenses incurred on the development of the Group's Sustainable Forest Management Project under a Sustainable Forest Management License Agreement ("SMFLA") with the State Government of Sabah, in respect of a long term concession for 95,000 hectares of timber land under Forest Management Unit at Ulu Tungud, Sabah. The SMFLA area comprises Industrial Timber Plantation area, Conservation area and Natural Forest Management area.

The biological assets within Industrial Timber Plantation area is carried at its fair value with changes in fair value recognised in profit or loss. During the current financial year, the Group had carried out a valuation exercise to reflect the fair value of the Group's forest planting expenditure within the Industrial Timber Plantation area. CH Williams Talhar & Wong conducted the latest valuation exercise with a valuation report for the valuation as at 31 December 2023.

Areas beyond the Industrial Timber Plantation are either protected or have limited permitted use for commercial timber harvesting, as such, the direct and related cost incurred and capitalised under biological assets within these areas will be amortised over the remaining concession period of 74 years as the fair value of such areas cannot be reliably measured without undue cost or effort.

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21. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

- (ii) The methods and assumptions used by management to determine fair values are as follows:

Investment method is adopted to value forest planting expenditure within the Industrial Timber Plantation area. For rubber, the annual income from latex is estimated based on yield and long term average price of the crop. Thereafter, the cost of production is deducted and the net income is derived. In the final year, the value of rubberwood that could be harvested from the old rubber trees to be felled before replanting is added. The whole income flow from latex and from the rubberwood in the last year is then capitalised using the net present value, discounted at the appropriate rate of return for the remaining cropping life of the rubber trees to obtain the value of the present crops.

For the other plantation trees, the present tree crop is valued as profits from timber extraction and sales obtained by deducting the production costs from sales revenue. This is discounted at the appropriate rate of return to obtain the value of the present tree crop. For both the rubber and the other plantation trees, the scrub value (infrastructure value only, and excluding land cost) to which the land reverts at the end of the economic life of the cultivations, deferred (discounted) for the period is then added to the value of the present crops. The fair value is derived from deducting the value of the infrastructures from the market value of the trees.

Biological assets	Valuation technique used	Significant unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value
Forest planting expenditure within the Industrial Timber Plantation area	Investment method	(a) Discount rate	2023: 10% - 15% (2022: 10% - 15%)	The higher the discount rate, the lower the fair value.
		(b) Estimated yield - rubber (kg/Ha)	2023: 675 - 1,940 (2022: 750 - 1,960)	The higher the yield rate, the higher the fair value.
		- wood/timber (M ³ /Ha)	2023: 108 - 200 (2022: 108 - 144)	
		(c) Estimated price - rubber (RM/KG)	2023: 6.50 (2022: 6.50)	The higher the price, the higher the fair value.
- wood/timber (RM/M ³)	2023: 350 - 425 (2022: 350 - 425)			

21. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

(iii) Included in forest planting expenditure incurred during the financial year are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment (Note 19(c))	7	99	2	1
Depreciation of right-of-use assets (Note 20(d))	20	14	-	-
Interest expense (Note 11)	10	127	-	-
Employee benefits expense (Note 13)	475	757	219	20

(iv) The fair value of forest planting expenditure of the Group and of the Company is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

(b) Fresh Fruit Bunches (“FFB”) prior to harvest

(i) The valuation model adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sales of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost, transport and windfall profit levy.

(ii) During the financial year, the Group and the Company harvested approximately 905,000 tonnes and nil tonnes (2022: 924,000 tonnes and 2,000 tonnes) respectively of FFB.

(iii) The fair value measurement of the Group’s biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, fair value gain/loss for the Group would have equally increased or decreased by approximately RM2,317,000 (2022: RM2,117,000).

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

22. INTANGIBLE ASSETS

Goodwill

	RM'000
Group	
Cost:	
At 1 January 2022	56,147
Exchange differences	(1,086)
At 31 December 2022 and 1 January 2023	55,061
Exchange differences	1,738
At 31 December 2023	56,799
Accumulated impairment:	
At 1 January 2022	(4,500)
Impairment during the financial year	(211)
At 31 December 2022 and 1 January 2023	(4,711)
Impairment during the financial year	(7,769)
At 31 December 2023	(12,480)
Net carrying amount	
At 31 December 2023	44,319
At 31 December 2022	50,350

Impairment tests for goodwill

The carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Segments:		
Palm products	44,319	45,792
Others	-	4,558
	44,319	50,350

The recoverable amounts of the CGU have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. For palm product companies, cash flows projections are extrapolated to a period of up to twenty-three (23) years, which would cover the major life cycle of oil palm trees. Whilst for other companies, cash flows projections are extrapolated to the average economic useful lives of the assets.

Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, FFB yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

22. INTANGIBLE ASSETS (continued)

Goodwill (continued)

The key assumptions applied to the cash flow projections are as follows:

	2023	2022
CPO price (RM/MT)	3,800	3,800
Pre-tax discount rates (%)	10.00 - 13.00	10.00 - 13.00

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

Palm products segment:

CPO price - CPO price is based on average historical price in the previous financial year immediately before the budgeted period.

FFB yields - FFB yields are based on the average yields achieved in the previous financial year immediately before the budgeted period.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

Others segment:

Budgeted gross profit margins - Gross profit margins are based on historical profit margin achieved. These are increased over the budget period for anticipated efficiency improvements.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia.

Impairment losses on goodwill amounting to RM7,769,000 (2022: RM211,000) have been recognised within other expenses in the Statements of Comprehensive Income during the financial year.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, the management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

23. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost:		
In Malaysia	236,986	236,841
Outside Malaysia	39,311	39,252
	276,297	276,093
ESOS granted to employees of subsidiaries	2,446	2,446
Non-cumulative redeemable convertible preference shares	447,693	538,863
	726,436	817,402
Less: Impairment losses	(49,742)	(9,072)
	676,694	808,330

23. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.
- (b) Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate.

The disclosures of the key assumptions are similar to the impairment assessment on the intangible assets, which have been set out in Note 22 to the financial statements.

- (c) Impairment losses on investments in subsidiaries amounting to RM46,784,000 (2022: RM949,000) have been recognised within other expenses in the Statement of Comprehensive Income during the financial year in respect of certain subsidiaries due to continuous losses making of these subsidiaries. The net carrying amounts of investments in these subsidiaries amounted to RM13,356,000 (2022: RM11,379,000) as at 31 December 2023.
- (d) During the financial year, the Company:
 - (i) subscribed for an additional 390,000 ordinary shares in certain subsidiaries for a total subscription consideration of RM767,000. The consideration for the subscriptions amounted to RM345,000 was satisfied by cash and remaining balance of RM422,000 was satisfied by way of contra against amount due from a subsidiary.
 - (ii) subscribed for an additional 52,040,000 non-cumulative redeemable convertible preference shares in certain subsidiaries for a total subscription consideration of RM37,424,000 by cash.
 - (iii) redeemed 93,335,000 non-cumulative redeemable convertible preference shares in certain subsidiaries at the total redemption amount of RM122,575,000. The consideration for the redemptions amounted to RM77,982,000 was satisfied by cash and remaining balance of RM44,593,000 was satisfied by way of contra against amount due to certain subsidiaries.
 - (iv) received distribution for return of capital of RM468,000 from PT Sejahtera Aman Sejati, the direct subsidiary of the Company which is under winding up process. The members' voluntary winding up of the subsidiary did not have any material impact on the financial statements of the Company.
 - (v) struck off Polar Vertex Sdn. Bhd. which was the direct subsidiary of the Company from the register of Companies Commission of Malaysia upon the application by the Company. The strike-off of the subsidiary did not have any material impact on the financial statements of the Company.
- (e) In the previous financial year, the Company:
 - (i) subscribed for an additional 1,984,500 non-cumulative redeemable convertible preference shares in GlobeFlex Advisory Sdn. Bhd. for a total subscription consideration of RM1,984,500 by cash.

23. INVESTMENTS IN SUBSIDIARIES (continued)

- (e) In the previous financial year, the Company: (continued)
- (ii) redeemed 78,428,000 non-cumulative redeemable convertible preference shares in TSH Logistics Sdn. Bhd. at the total redemption amount of RM78,428,000 by cash.
- (iii) struck off TSH Sukuk Ijarah Sdn. Bhd. which was the direct subsidiary of the Company from the register of Companies Commission of Malaysia upon the application by the Company. The strike-off of the subsidiary did not have any material impact on the financial statements of the Company.
- (f) The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2023 %	2022 %	2023 %	2022 %
Held by the Company:						
TSH Plantation Sdn. Bhd. ⁱ	Malaysia	Operation of palm oil mills and investment holding	100	100	-	-
CocoaHouse Industries Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-
CocoaHouse Sdn. Bhd. ⁱ	Malaysia	Manufacture and sale of cocoa products and investment holding	100	100	-	-
Ekowood International Berhad ⁱ	Malaysia	Manufacture and sale of downstream wood products	100	100	-	-
TSH Bio-Gas Sdn. Bhd. ⁱ	Malaysia	Operation of biogas power plant	100	100	-	-
LKSK Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations	51	51	49	49
Tan Soon Hong Holdings Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations and investment holding	100	100	-	-
TSH Bio-Energy Sdn. Bhd. ⁱ	Malaysia	Operation of a power plant	100	100	-	-
TSH Timber Industries Sdn. Bhd. ⁱⁱ	Malaysia	Dormant	100	100	-	-
POME Energy Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest		
			2023 %	2022 %	2023 %	2022 %	
Held by the Company (continued):							
Landquest Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations	56.68	56.68	43.32	43.32	
TSH Sumbar Group Limited ⁱⁱⁱ	Seychelles	Investment holding	100	100	-	-	
PT Aramico Komoditi ^{iii/iii}	Indonesia	Dormant	74.42	74.42	25.58	25.58	
TSH Logistics Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
Polar Vertex Sdn. Bhd. ^{iv}	Malaysia	Dormant	-	100	-	-	
TSH Oversea Pte. Ltd. ⁱⁱⁱ	Singapore	Investment holding	100	100	-	-	
TSH Global Plantation Pte. Ltd. ⁱⁱⁱ	Singapore	Investment holding	100	100	-	-	
TSH Mitra Capital Pte. Ltd. ⁱⁱⁱ	Singapore	Investment holding	100	100	-	-	
GlobeFlex Advisory Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
Halaman Semesta Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
Bagan Agresif Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
Casa Logistic Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
Rinukut Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
TSH Sukuk Capital Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-	
TSH Sukuk Murabahah Sdn. Bhd. ⁱ	Malaysia	Undertake of Islamic Securities transactions	100	100	-	-	
Icon Field Ventures Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-	
TSH Agri Pte. Ltd. ⁱⁱⁱ	Singapore	Management services and trading of goods	100	100	-	-	
PT Sejahtera Aman Sejati ^{iv/iii}	Indonesia	Dormant	65	65	35	35	

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2023 %	2022 %	2023 %	2022 %
Held through Ekowood International Berhad						
Ekowood Iberica, S.L. ^{iv}	Spain	Dormant	-	99.96	-	0.04
Ekowood Malaysia Sdn. Bhd. ⁱ	Malaysia	Supply and installation of timber flooring	100	100	-	-
EkoLoc System Sdn. Bhd. ⁱ	Malaysia	Sub-licensing of strip lock system	100	100	-	-
Ekowood (USA) Inc. ^{iv}	United States of America	Trading of wood products	-	100	-	-
Held through TSH Plantation Sdn. Bhd.						
TSH Plantation Management Sdn. Bhd. ⁱ	Malaysia	Operation of a palm oil mill	100	100	-	-
TSH Biotech Sdn. Bhd. ⁱ	Malaysia	Production and supply of tree plantlets and plantables grown through tissue culture process	100	100	-	-
TSH Forest Plantation Sdn. Bhd. ⁱ	Malaysia	Forest plantation	100	100	-	-
Held through CocoaHouse Sdn. Bhd.						
PT Sinar Bersatu ^{iv}	Indonesia	Dormant	-	99	-	1
Afromal Cocoa Limited ^{ii/iii}	Ghana	Dormant	100	100	-	-
Held through Tan Soon Hong Holdings Sdn. Bhd.						
TSH Palm Products Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
Held through TSH Palm Products Sdn. Bhd.						
Eko Pulp & Paper Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2023 %	2022 %	2023 %	2022 %
Held through TSH Sumbar Group Limited						
PT Andalas Agro Industri ^{iii/v}	Indonesia	Operation of a palm oil mill and investment holding	70	70	30	30
PT Andalas Wahana Berjaya ^{iii/v}	Indonesia	Oil palm plantations and operation of a palm oil mill	70	70	30	30
Held through TSH Oversea Pte. Ltd.						
PT Sarana Prima Multi Niaga ⁱⁱⁱ	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
PT Teguh Swakarsa Sejahtera ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10
Held through PT Andalas Agro Industri						
PT Laras Internusa ⁱⁱⁱ	Indonesia	Oil palm plantations	69.77	69.77	30.23	30.23
Held through TSH Global Plantation Pte. Ltd.						
PT Farinda Bersaudara ⁱⁱⁱ	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
Held through TSH Mitra Capital Pte. Ltd.						
PT Mitra Jaya Cemerlang ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10
Held through GlobeFlex Advisory Sdn. Bhd.						
PT Karya Unggulan Cemerlang ⁱⁱⁱ	Indonesia	Provision of management services	90	90	10	10
Held through TSH Logistics Sdn. Bhd.						
PT Bulungan Citra Agro Persada ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10
Held through Halaman Semesta Sdn. Bhd.						
PT Munte Waniq Jaya Perkasa ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest		
			2023 %	2022 %	2023 %	2022 %	
Held through Bagan Agresif Sdn. Bhd.							
PT Andalas Wahana Sukses ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10	
Held through Casa Logistic Sdn. Bhd.							
PT Perkebunan Sentawar Membangun ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10	
Held through Rinukut Sdn. Bhd.							
RT Plantations Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations	60	60	40	40	
Held through Icon Field Ventures Sdn. Bhd.							
PT Prima Usaha Sukses ⁱⁱⁱ	Indonesia	Oil palm plantations	90	90	10	10	

ⁱ Audited by BDO PLT, Malaysia.

ⁱⁱ These subsidiaries were placed under members' voluntary winding-up/strike off.

ⁱⁱⁱ Not audited by BDO PLT or member firms of BDO International.

^{iv} Struck off and did not have any material effect to the financial performance.

^v On 19 May 2023, the subsidiaries of TSH Sumbar Group Limited, namely PT Andalas Wahana Berjaya and PT Andalas Agro Industri, allocated a total of 9,000,000 Type B redeemable preference shares to Garibaldi Thohir, a non-controlling interest of these subsidiaries, at a total issue price of IDR9,000,000,000 (equivalent to approximately RM2,736,000), satisfied by cash.

23. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Material partly-owned subsidiaries

Summarised financial information of partly-owned subsidiaries, which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests (“NCI”) in respect of other subsidiaries is not material to the Group.

(i) Summarised statements of financial position

	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Logistics Sdn. Bhd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Subsidiary of Rinukut Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets and liabilities												
Non-current assets	420,972	343,638	336,004	358,105	319,681	279,431	40,345	39,431	31,248	31,575	83,389	84,252
Current assets	90,041	82,624	107,777	112,154	23,908	24,129	2,783	6,905	2,482	2,276	4,260	6,257
Total assets	511,013	426,262	443,781	470,259	343,589	303,560	43,128	46,336	33,730	33,851	87,649	90,509
Current liabilities	18,366	30,632	14,967	25,319	23,224	23,313	791	1,035	1,380	1,862	1,915	2,793
Non-current liabilities	9,148	6,906	7,654	6,027	2,416	1,598	9,437	9,199	5,853	5,754	94,935	92,388
Total liabilities	27,514	37,538	22,621	31,346	25,640	24,911	10,228	10,234	7,233	7,616	96,850	95,181
Net assets/(liabilities)	483,499	388,724	421,160	438,913	317,949	278,649	32,900	36,102	26,497	26,235	(9,201)	(4,672)
Carrying amounts of NCI	145,161	116,729	42,261	44,036	31,795	27,865	19,982	21,551	10,951	10,836	6,091	7,902

23. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Material partly-owned subsidiaries (continued)

(ii) Summarised statements of comprehensive income

	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Logistics Sdn. Bhd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Subsidiary of Rinukut Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Results												
Revenue	216,521	269,275	226,829	230,667	50,365	60,716	10,880	12,944	4,152	4,381	23,846	29,492
Profit for the year	64,121	88,176	65,328	83,463	54,038	323,452	2,598	4,234	263	675	(4,528)	3,008
Total comprehensive income for the year	63,590	88,346	65,164	83,680	54,056	323,473	2,598	4,234	263	675	(4,528)	3,008
Profit allocated to NCI	19,410	26,662	6,533	8,346	5,405	32,345	1,273	2,075	113	292	(1,811)	1,203
Total comprehensive income allocated to NCI	19,142	26,605	6,478	8,327	5,405	32,325	1,273	2,075	113	292	(1,811)	1,203

(iii) Summarised cash flows

Net cash flows from operating activities	71,881	108,912	83,654	75,993	18,130	30,262	3,377	6,018	855	2,033	7,737	15,995
Net cash flows (used in)/from investing activities	(32,481)	(25,875)	(76,734)	(14,401)	11,219	268,504	(1,689)	(1,950)	(644)	(1,573)	(3,056)	(1,858)
Net cash flows used in financing activities	(32,549)	(45,778)	(7,284)	(31,003)	(29,800)	(296,006)	(5,800)	(4,000)	-	(700)	(4,864)	(14,138)
Net increase/(decrease) in cash and cash equivalents	6,851	37,259	(364)	30,589	(451)	2,760	(4,112)	68	211	(240)	(183)	(1)
Effect of exchange rate changes	3,232	(699)	3,342	(1,004)	766	(381)	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	56,961	20,401	58,887	29,302	13,504	11,125	5,456	5,388	76	316	1,101	1,102
Cash and cash equivalents at end of the year	67,044	56,961	61,865	58,887	13,819	13,504	1,344	5,456	287	76	918	1,101
Dividends paid to non- controlling interests	-	-	10,735	-	3,050	-	2,842	1,960	-	303	-	-

24. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Quoted shares in Malaysia, at cost	61,259	61,259	61,259	61,259
Share of post-acquisition reserves	17,386	16,178	-	-
	78,645	77,437	61,259	61,259
Fair value of investment in an associate for which there is published price quotation	137,629	167,046	137,629	167,046

(a) Investment in an associate is measured at cost in the separate financial statements of the Company and is accounted for using the equity method in the consolidated financial statements.

(b) The details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective interest	
			2023 %	2022 %
Innoprise Plantations Berhad *	Malaysia	Operation of oil palm plantations and palm oil mill, and producer and supplier of renewable energy	21.94	21.94

* Not audited by BDO PLT or member firms of BDO International.

(c) The financial year end of the above associate is coterminous with those of the Group.

(d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statements of financial position

	2023 RM'000	2022 RM'000
Assets and liabilities		
Current assets	39,552	49,016
Non-current assets	362,903	354,300
Total assets	402,455	403,316
Current liabilities	23,289	27,796
Non-current liabilities	70,208	72,069
Total liabilities	93,497	99,865
Net assets	308,958	303,451

24. INVESTMENT IN AN ASSOCIATE (continued)

(d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows (continued):

(ii) Summarised statements of comprehensive income

	2023 RM'000	2022 RM'000
Results		
Revenue	227,133	270,219
Profit for the year	53,463	85,089
Total comprehensive income	53,463	85,089

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate.

	2023 RM'000	2022 RM'000
Net assets at 1 January	303,451	324,581
Total comprehensive income	53,463	85,089
Transaction with owners	(47,956)	(106,219)
Net assets at 31 December	308,958	303,451
Interest in associate (%)	21.94%	21.94%
	67,785	66,577
Goodwill	10,860	10,860
Carrying value of Group's interest in associate	78,645	77,437

(iv) Dividends received from associate during the financial year amounted to RM9,981,000 (2022: RM23,113,000).

(v) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

25. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	20,750	20,750	20,750	20,750
Share of post-acquisition reserves	82,340	85,333	-	-
	103,090	106,083	20,750	20,750

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group's interest in joint ventures is accounted for using the equity method in the consolidated financial statements. In the separate financial statements of the Company, investments in joint ventures are measured at cost.

25. INVESTMENTS IN JOINT VENTURES (continued)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

(a) Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/ Country of incorporation	Principal activities	Effective interest	
			2023 %	2022 %
TSH-Wilmar Sdn. Bhd.*	Malaysia	Operation of palm oil refinery mill and kernel crushing plant	50	50
TSH-Wilmar (BF) Sdn. Bhd.*	Malaysia	Operation of a power plant	50	50

* Audited by BDO PLT, Malaysia.

These joint ventures have the same reporting period as the Group.

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current assets	50,972	51,821	11,831	12,581
Cash and cash equivalents	48,566	49,208	2,716	2,825
Other current assets	363,157	312,489	19,877	10,953
Total current assets	411,723	361,697	22,593	13,778
Total assets	462,695	413,518	34,424	26,359
Non-current liabilities	1,419	6,508	1,378	1,235
Current liabilities	287,733	222,477	1,596	1,151
Total liabilities	289,152	228,985	2,974	2,386
Net assets	173,543	184,533	31,450	23,973

25. INVESTMENTS IN JOINT VENTURES (continued)

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. (continued)

(ii) Summarised statements of comprehensive income

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	2,220,625	2,611,867	26,754	25,263
Depreciation and amortisation	(2,717)	(2,541)	(821)	(908)
Interest income	1,258	1,270	509	152
Interest expense	(6,681)	(4,554)	-	-
(Loss)/Profit before tax	(15,360)	66,174	9,879	11,585
Taxation	4,370	(15,153)	(2,402)	(2,786)
(Loss)/Profit after tax, total comprehensive (loss)/ income	(10,990)	51,021	7,477	8,799

(c) Reconciliations of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures are as follows:

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net assets at 1 January	184,533	163,512	23,973	15,174
(Loss)/Profit for the year	(10,990)	51,021	7,477	8,799
Dividends	-	(30,000)	-	-
Net assets at 31 December	173,543	184,533	31,450	23,973
Interests in joint ventures	50%	50%	50%	50%
	86,772	92,266	15,725	11,987
Unrealised profit on inventories	593	1,830	-	-
Carrying value of Group's interests in joint ventures	87,365	94,096	15,725	11,987

In the previous financial year, dividends received from joint ventures amounted to RM15,000,000.

26. DEFERRED TAX

(a) Deferred tax as at 31 December related to the following:

Group	At 1 January 2023 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 31 December 2023 RM'000
Deferred tax liabilities:					
Property, plant and equipment	52,033	3,098	-	666	55,797
Biological assets	68,304	4,405	-	(94)	72,615
Land use rights	7,916	(1,332)	-	465	7,049
Right-of-use assets	15,367	(284)	-	-	15,083
Others	398	(753)	-	4	(351)
	144,018	5,134	-	1,041	150,193
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(56,861)	695	-	(104)	(56,270)
Others	(6,628)	(196)	(194)	(405)	(7,423)
	(63,489)	499	(194)	(509)	(63,693)
	80,529	5,633	(194)	532	86,500

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Group	At 1 January 2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 31 December 2022 RM'000
Deferred tax liabilities:					
Property, plant and equipment	49,904	2,579	-	(450)	52,033
Biological assets	81,362	(13,164)	-	106	68,304
Land use rights	9,505	(1,298)	-	(291)	7,916
Right-of-use assets	11,950	3,417	-	-	15,367
Others	398	-	-	-	398
	153,119	(8,466)	-	(635)	144,018
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(58,676)	1,758	-	57	(56,861)
Others	(6,672)	(494)	263	275	(6,628)
	(65,348)	1,264	263	332	(63,489)
	87,771	(7,202)	263	(303)	80,529

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Company	At 1 January 2022 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31 December 2022/ 1 January 2023 RM'000	Recognised in profit or loss (Note 15) RM'000	At 31 December 2023 RM'000
Deferred tax liabilities:					
Property, plant and equipment	5,120	(65)	5,055	(77)	4,978
Biological assets	54,958	(9,212)	45,746	624	46,370
	60,078	(9,277)	50,801	547	51,348
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(45,995)	(1,051)	(47,046)	1,334	(45,712)
Others	(4,295)	2,048	(2,247)	79	(2,168)
	(50,290)	997	(49,293)	1,413	(47,880)
	9,788	(8,280)	1,508	1,960	3,468

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Presented after appropriate offsetting:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets, net*	(473)	(6,026)	-	-
Deferred tax liabilities, net*	86,973	86,555	3,468	1,508
	86,500	80,529	3,468	1,508

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM63,220,000 (2022: RM57,463,000) for the Group.

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM'000	2022 RM'000
Unused tax losses		
- No expiry date	66,080	63,731
- Expires by 2025 to 2033	94,727	64,862
Unabsorbed capital allowances	10,781	9,110
Other deductible temporary differences	52,981	46,903
	224,569	184,606

The Group and the Company have assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences. Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised. Unutilised tax losses of the subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

(c) Unused tax losses

Unused tax losses of certain foreign subsidiaries amounting to RM59,786,000 (2022: RM40,962,000) are available for carry forward in the jurisdiction in which the foreign subsidiaries operate for a period of 5 years from the year in which those tax losses arose.

(d) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's foreign subsidiaries as the Group is able to control the timing of the reversal of temporary differences associated with the investments.

27. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Trade receivables				
Amounts due from subsidiaries	-	-	1,093	4,318
Third parties	21,784	23,206	621	666
Joint ventures	5,488	1,361	-	-
Retention sums on contract (Note 31)	529	804	-	-
	27,801	25,371	1,714	4,984
Less: Allowance for impairment	(1,229)	(2,124)	-*	-*
Trade receivables, net	26,572	23,247	1,714	4,984
Other receivables				
Amounts due from related parties:				
- subsidiaries	-	-	8,345	42,381
- joint ventures	161	152	55	5
	161	152	8,400	42,386
Less: Allowance for impairment	-*	-*	(273)	(273)
	161	152	8,127	42,113
Other deposits	1,645	1,849	471	436
Sundry receivables	9,299	15,942	2,376	2,912
	11,105	17,943	10,974	45,461
Less: Allowance for impairment	(1,463)	(1,465)	(1,270)	(1,281)
	9,642	16,478	9,704	44,180
	36,214	39,725	11,418	49,164
Non-current				
Other receivables				
Amounts due from subsidiaries	-	-	202,998	258,804
Plasma receivables (Note 27(b)(ii))	52,897	49,445	-	-
Sundry receivables	8,498	13,602	-	-
	61,395	63,047	202,998	258,804
Less: Allowance for impairment	(13,485)	(9,101)	(4,168)	(4,471)
	47,910	53,946	198,830	254,333
Total trade and other receivables (current and non-current)	84,124	93,671	210,248	303,497
Add: Cash and bank balances and deposits (Note 34)	250,138	375,580	31,207	42,362
Total financial assets at amortised cost	334,262	469,251	241,455	345,859

* The expected credit loss is immaterial.

27. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are classified as financial assets and measured at amortised cost.

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

Group	2023		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	22,142	(52)	22,090
Past due			
- 1 to 30 days	2,838	(62)	2,776
- 31 to 60 days	-	-	-
- 61 to 90 days	-	-	-
- 91 to 120 days	-	-	-
- More than 121 days	2,361	(655)	1,706
	5,199	(717)	4,482
Credit impaired			
Individually impaired	460	(460)	-
	27,801	(1,229)	26,572

Group	2022		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	18,796	(101)	18,695
Past due			
- 1 to 30 days	3,016	-	3,016
- 31 to 60 days	1,171	(26)	1,145
- 61 to 90 days	205	(1)	204
- 91 to 120 days	38	(19)	19
- More than 121 days	671	(503)	168
	5,101	(549)	4,552
Credit impaired			
Individually impaired	1,474	(1,474)	-
	25,371	(2,124)	23,247

27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The ageing analysis of the Group's and of the Company's trade receivables are as follows (continued):

Company	2023		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	1,714	-	1,714

Company	2022		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	4,984	-	4,984

Impairment losses

Impairment losses for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements, based on the following common credit risk characteristics - geographic region and type of products purchased, to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices and multiplied by the amount of the expected loss to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Impairment losses (continued)

Movements in allowance for impairment accounts are as follows:

Group	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2023	650	1,474	2,124
Charge for the financial year	119	19	138
Write back of impairment loss	-	(358)	(358)
Write-offs	-	(670)	(670)
Exchange differences	-	(5)	(5)
At 31 December 2023	769	460	1,229
At 1 January 2022	1,410	2,292	3,702
Charge for the financial year	-	514	514
Write back of impairment loss	(764)	(635)	(1,399)
Write-offs	-	(601)	(601)
Exchange differences	4	(96)	(92)
At 31 December 2022	650	1,474	2,124

* *Expected credit losses*

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

The maximum exposures to credit risk of trade receivables of the Group and of the Company are represented by the carrying amounts of trade receivables recognised in the statements of financial position. These receivables are not secured by any collateral or credit enhancement as at the end of the current financial year.

(b) Other receivables

- (i) Impairment for amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(i) (continued)

The Group determined significant increase in credit risk based on past due information, i.e. overdue amounts more than 90 days.

The probabilities of non-payment by amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits.

It requires management to exercise significant judgement in determining the probability of default by amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits, appropriate forward-looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

Movements in allowance for impairment accounts for current and non-current other receivables (included plasma receivables) are as follows:

Group	12- month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
At 1 January 2023	195	9,101	1,270	10,566
Charge for the financial year	24	-	4,182	4,206
Write back of impairment loss	(26)	(298)	-	(324)
Reclassified from stage 2 to stage 3	-	(1,645)	1,645	-
Exchange differences	-	500	-	500
At 31 December 2023	193	7,658	7,097	14,948
At 1 January 2022	289	8,399	1,270	9,958
Charge for the financial year	-	5,151	-	5,151
Write back of impairment loss	(12)	-	-	(12)
Write-offs	(82)	(4,112)	-	(4,194)
Exchange differences	-	(337)	-	(337)
At 31 December 2022	195	9,101	1,270	10,566
Company	12-month ECL RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000	
At 1 January 2023		11	1,270	1,281
Write back of impairment loss		(11)	-	(11)
At 31 December 2023		-	1,270	1,270
At 1 January 2022/31 December 2022		11	1,270	1,281

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(ii) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders. This form of assistance to local small landholders is generally known as the “Plasma Scheme”. Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision of the developer. In line with this requirement, certain subsidiaries have commitments to develop plantations under the Plasma Scheme. The funding for the development of the plantations under the Plasma Scheme is provided by the designated banks and/or by the subsidiaries. The subsidiaries also provide corporate guarantees for the loans advanced by the banks.

The Group through this partnership scheme also provides technical assistance to the plasma farmers to maintain the productivity of plasma plantations as part of the Group’s strategy to strengthen relationship with plasma farmers. This is expected to improve the repayments of plasma receivables.

The accumulated development costs net of funds received are presented as plasma receivables in the consolidated statement of financial position under the Palm Products segment. An analysis of the movements in the plasma receivables is as follows:

	Group	
	2023	2022
	RM’000	RM’000
Balance at 1 January	49,445	69,075
Additional net investments/(Net repayments from)	3,452	(19,630)
	52,897	49,445
Less: Allowance for impairment	(13,485)	(9,101)
Balance at 31 December	39,412	40,344

(iii) Non-current receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 11% (2022: 11%), which are reasonable approximation of their fair values.

(c) Amounts due from subsidiaries

Non-current amounts due from subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months. The carrying amount of non-current amounts due from subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Except for the current amounts due from certain subsidiaries totalling RM7,640,000 (2022: RM41,671,000) that are interest bearing, the current amounts due from other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months in cash and cash equivalents.

27. TRADE AND OTHER RECEIVABLES (continued)

(c) Amounts due from subsidiaries (continued)

The effective interest rate per annum of amounts due from subsidiaries as at the end of the reporting period were as follows:

	Company			
	2023 %	2022 %	2023 RM'000	2022 RM'000
Floating rate				
Current amounts due from subsidiaries	5.01 - 5.49	3.44 - 4.80	7,640	41,671
Non-current amount due from a subsidiary	7.90 - 8.15	6.90 - 7.90	94,935	92,388
Fixed rate				
Non-current amounts due from subsidiaries	5.50	5.50	108,063	166,416

At the end of reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Company's profit net of tax would have been RM195,000 (2022: RM255,000) higher/lower, arising mainly as a result of higher/lower interest income on amount due from subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Impairment for amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 27(b) to the financial statements.

Movements in the allowance for impairment accounts for amounts due from subsidiaries are as follows:

Company	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
2023				
At beginning of financial year	1,132	3,586	26	4,744
Write back of impairment losses	(303)	-	-	(303)
At end of financial year	829	3,586	26	4,441
2022				
At beginning of financial year	2,469	11,968	26	14,463
Write back of impairment losses	(1,337)	(8,382)	-	(9,719)
At end of financial year	1,132	3,586	26	4,744

27. TRADE AND OTHER RECEIVABLES (continued)

(d) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of reporting period are as follows:

	Group			
	2023		2022	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Palm products	18,666	67%	14,138	56%
Others	9,135	33%	11,233	44%
	27,801	100%	25,371	100%

As at the end of the reporting period, approximately:

- 20% (2022: 5%) of the trade receivables of the Group were due from related parties.
- 52% (2022: 46%) of the trade and other receivables of the Group were due from plasma receivables.
- 98% (2022: 99%) of the trade and other receivables of the Company were due from subsidiaries.

28. INVESTMENT SECURITIES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
- Equity instruments (quoted in Malaysia)	1	1	1	1
Non-current				
- Debt instruments (unquoted)	28,044	-	-	-
- Equity instruments (unquoted)	50	50	50	50
	28,094	50	50	50
	28,095	51	51	51

- (a) The equity instruments were classified as financial assets at fair value profit or loss pursuant to MFRS 9 *Financial Instruments*.
- (b) The debt instruments were classified as financial assets at fair value through other comprehensive income pursuant to MFRS 9.
- (c) All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.
- (d) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

28. INVESTMENT SECURITIES (continued)

- (e) The fair value of quoted and unquoted equity instruments of the Group and of the Company is categorised as Level 1 and Level 3 respectively in the fair value hierarchy.
- (f) Unquoted debt instruments represent unquoted bonds, measured at Level 2 in the fair value hierarchy. The fair value of unquoted bonds is determined by reference to published market bid price of unquoted fixed income securities based on information provided by DBS Bank Ltd. and LGT Bank (Singapore) Ltd..
- (g) There is no transfer between levels in the hierarchy during the financial year.
- (h) The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance at 1 January/ 31 December	50	50	50	50

- (i) Sensitivity analysis for equity price risk

At the end of the reporting period, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's and the Company's profit net of tax would be minimal.

29. INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost				
Raw materials	9,456	13,723	-	-
Work-in-progress	-	4,160	-	-
Finished goods	11,382	32,792	136	234
Oil palm nursery	3,460	3,493	419	527
Stores and supplies	36,364	41,634	493	811
	60,662	95,802	1,048	1,572
Net realisable value				
Work-in-progress	8,087	7,581	-	-
Finished goods	24,969	29,540	-	-
	33,056	37,121	-	-
	93,718	132,923	1,048	1,572

- (a) Oil palm and wood products are valued on the weighted average method.
- (b) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM655,509,000 (2022: RM795,693,000) and RM3,140,000 (2022: RM4,021,000) respectively.
- (c) A write off of inventories amounting to RM6,798,000 (2022: RM5,578,000) were made by the Group during the financial year, whereas the Company had written off inventories amounted to RM3,000 in the previous financial year.
- (d) A write down of inventories amounting to RM13,943,000 was made by the Group in the previous financial year.

29. INVENTORIES (continued)

- (e) The Group reversed RM6,375,000 in respect of inventories written down in the previous financial year that were subsequently not required due to subsequent sales of products and the increase in selling price of commodities.

30. OTHER CURRENT ASSETS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contract assets (Note 31)	68	6	-	-
Prepayments	5,252	6,426	216	797
	5,320	6,432	216	797

31. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM'000	2022 RM'000
Contract assets (Note 30):		
Construction contracts	68	6
	68	6
Contract liabilities (Note 41):		
Construction contracts	(33)	(197)
Deferred revenue	(1,264)	(700)
	(1,297)	(897)
	(1,229)	(891)

- (a) Construction contracts

	Group	
	2023 RM'000	2022 RM'000
Supply and installation service costs incurred to date	17,912	22,626
Attributable profits	2,886	3,574
	20,798	26,200
Less: Progress billings	(20,763)	(26,391)
Contract liabilities		
Construction contracts	35	(191)
Retention sums on contracts, included within trade receivables (Note 27)	529	804
Analysed as follows:		
Contract assets	68	6
Contract liabilities	(33)	(197)
	35	(191)

31. CONTRACT ASSETS/(LIABILITIES) (continued)

(a) Construction contracts (continued)

The Group provides flooring installation works on contract basis for timber flooring supplied to customers.

Construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) Deferred revenue

A reconciliation of the deferred revenue is as follows:

	Group	
	2023	2022
	RM'000	RM'000
At 1 January	700	7,623
Additions during the financial year	18,693	50,299
Recognised as revenue during the financial year	(18,129)	(57,222)
At 31 December	1,264	700

Deferred revenue represents billing to the customers for the sale of wood products, which performance obligation has not been satisfied as at the end of the reporting period.

(c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2024	Group	
	RM'000	2025	Total
		RM'000	RM'000
31 December 2023			
Contract liabilities	1,297	-	1,297
31 December 2022			
Contract liabilities	897	-	897

(d) Impairment for contract assets are recognised based on the simplified approach within MFRS 9 using lifetime expected credit losses as disclosed in Note 27(a) to the financial statements.

(e) No expected credit loss is recognised arising from contract assets as it is negligible.

(f) There were no significant changes in the contract assets and liabilities during the financial year.

32. DERIVATIVES

	2023			2022		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Non-hedging derivatives:						
Non-current						
Forward currency contracts	31,212	717	-	-	-	-
Current						
Forward currency contracts	30,294	161	-	62,742	30	(3,267)
Commodity futures contracts	6,832	134	-	4,777	-	(15)
		295	-		30	(3,282)
Total		1,012	-		30	(3,282)
Company						
Non-hedging derivatives:						
Non-current						
Forward currency contracts	31,212	717	-	-	-	-
Current						
Forward currency contracts	30,294	161	-	50,368	-	(3,267)
Total		878	-		-	(3,267)

- (a) Derivative assets are classified as financial assets measured at fair value through profit or loss whereas derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.
- (b) The Group and the Company use forward currency contracts and commodity futures contract to manage some of its transactions exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- Forward currency contracts are used to hedge the Group's loans and borrowings denominated in USD.
- (c) The commodity futures contracts are used to hedge prices fluctuation of CPO commodity.
- (d) During the financial year, the Group and the Company recognised a net gain of RM4,264,000 (2022: net loss of RM1,708,000) and net gain of RM4,145,000 (2022: net loss of RM3,267,000) respectively arising from fair value changes of derivative assets and derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate and price fluctuation of CPO commodity.

32. DERIVATIVES (continued)

- (e) Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Fair value of outstanding commodity future contracts is calculated by reference to quoted market prices for contracts with similar maturity profiles.

- (f) The maturity profile of derivative liabilities of the Group and of the Company at the end of the previous reporting period based on contractual undiscounted repayment obligations was summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2022				
Derivative liabilities	3,282	-	-	3,282
Company				
As at 31 December 2022				
Derivative liabilities	3,267	-	-	3,267

- (g) Commodity future contracts are categorised as Level 1 in the fair value hierarchy, whilst forward currency contracts are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

33. SHORT TERM FUNDS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value through profit or loss				
Investment in fixed income trust funds in Malaysia	5,349	6,385	155	150

- (a) Investment in fixed income trust funds in Malaysia represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.
- (b) Fair values of short term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.
- (c) Short term funds are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

34. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash at banks and on hand	239,263	336,797	25,515	36,702
Deposits with licensed banks	10,875	38,783	5,692	5,660
Cash and bank balances	250,138	375,580	31,207	42,362

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.
- (b) Deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and the Company and earn interests at the respective short-term deposit rates.

The effective interest rate of deposits with both licensed banks of the Group and of the Company ranged from 2.50% to 3.50% (2022: 1.60% to 3.75%) and 2.70% to 3.00% (2022: 1.70% to 2.70%) per annum respectively.

- (c) Deposits with licensed banks of the Group amounting to RM3,957,000 (2022: RM4,772,000) are pledged as securities for bank guarantees facilities granted.
- (d) For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances and deposits	250,138	375,580	31,207	42,362
Short term funds (Note 33)	5,349	6,385	155	150
Less:				
Bank overdrafts (Note 39)	-	(469)	-	-
Deposits pledged with licensed banks	(3,957)	(4,772)	-	-
Deposits with maturity of over 3 months	(496)	(493)	-	-
Cash and cash equivalents	251,034	376,231	31,362	42,512

- (e) Sensitivity analysis for cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rates.
- (f) No expected credit loss is recognised arising from deposits with licensed banks because the probability of default by these financial institutions is negligible.

35. ASSETS HELD FOR SALE

- (a) On 4 April 2022, PT Bulungan Citra Agro Persada (“PT BCAP”), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement (“CSPA”) with PT Kawasan Industri Kalimantan Indonesia (“KIKI”) and PT Kalimantan Industrial Park Indonesia (“KIPI”) for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as “the Sale Land”) for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the disposal of 7,817.36 hectares of the Sale Land was completed.

On 18 January 2023, the disposal for 574.56 hectares of the uncertified land was completed for cash consideration amounted to RM28,717,000, which is subject to 2.5% tax on the cash consideration amounted to RM718,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM27,604,000 in the financial statements.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

The proposed disposal of the remaining of the Sale Land is expected to be completed within the next twelve (12) months and has continued to be classified as assets held for sale.

- (b) In financial year 2021, on 6 July 2021, the Company and two (2) of its wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. (“TSHPP”) and TSH Plantation Sdn. Bhd. (“TSHP”) had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. for the disposal of two (2) oil palm estates and a palm oil mill for a total consideration of RM248,000,000. Both the estates and the palm oil mill were part of the palm products segment of the Group and were reclassified as assets held for sale.

In the previous financial year, the Group completed the disposals for total cash considerations of RM248,000,000 and a total gain on disposal of RM84,585,000 had been recorded in the financial statements.

- (c) As at the end of financial year, the assets held for sale of the Group are as follows:

Group	2023 RM'000	2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	208,560	196,416
Right-of-use assets	12,293	9,094
Assets held for sale	220,853	205,510

36. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		<----- Amount ----->	
	Share capital (Issued and fully paid with no par value) '000	Treasury shares '000	Share capital (Issued and fully paid with no par value) RM'000	Treasury shares RM'000
At 1 January 2023/ 31 December 2023	1,381,803	(1,629)	740,512	(1,467)
At 1 January 2022/ 31 December 2022	1,381,803	(1,629)	740,512	(1,467)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

Reacquired shares are classified as treasury shares, recognised based on the amount of consideration paid and presented as a deduction from total equity.

This amount relates to the acquisition cost of treasury shares. The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 23 May 2023, renewed their approval for the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

Of the total 1,381,803,000 (2022: 1,381,803,000) issued and fully paid ordinary shares as at 31 December 2023, 1,629,000 (2022: 1,629,000) are held as treasury shares by the Company. As at 31 December 2023, the number of outstanding ordinary shares in issue after set off is therefore 1,380,174,000 (2022: 1,380,174,000) ordinary shares.

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37. OTHER RESERVES

Group	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Fair value reserve RM'000	Total RM'000
At 1 January 2023	9,630	(264,636)	100	-	(254,906)
Other comprehensive income/(loss):					
Foreign currency translations	-	86,193	-	-	86,193
Net loss on financial assets measured at FVOCI	-	-	-	(261)	(261)
Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal	-	-	-	97	97
At 31 December 2023	9,630	(178,443)	100	(164)	(168,877)
At 1 January 2022	9,630	(218,623)	100	-	(208,893)
Other comprehensive (loss)/income:					
Foreign currency translations	-	(46,352)	-	-	(46,352)
Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries	-	339	-	-	339
At 31 December 2022	9,630	(264,636)	100	-	(254,906)

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

This reserve comprises all the amounts capitalised arising from the redemption of non-cumulative redeemable preference shares in the subsidiaries and cancellation of treasury shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Share of associate reserve

This reserve represents the Group's share of reserve of the associate arising from the share options granted by the associate to its employees.

37. OTHER RESERVES (continued)

(d) Fair value reserve

This reserve is used to record fair value changes arising from the Group's investments in financial instruments measured at FVOCI.

38. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single-tier system.

39. LOANS AND BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short term borrowings				
Secured:				
Term loans	52,294	69,236	52,294	69,236
	52,294	69,236	52,294	69,236
Unsecured:				
Bank overdrafts	-	469	-	-
Bankers' acceptances	40,863	16,046	-	-
Revolving credits	93,000	198,500	62,000	104,500
Term loans	5,000	20,000	5,000	20,000
Sukuk Murabahah Medium Term Notes	-	90,000	-	-
	138,863	325,015	67,000	124,500
	191,157	394,251	119,294	193,736
Long term borrowings				
Secured:				
Term loans	110,963	159,860	110,963	159,860
	110,963	159,860	110,963	159,860
Unsecured:				
Term loans	-	5,000	-	5,000
	-	5,000	-	5,000
	110,963	164,860	110,963	164,860

39. LOANS AND BORROWINGS (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total borrowings				
Bank overdrafts	-	469	-	-
Bankers' acceptances	40,863	16,046	-	-
Revolving credits	93,000	198,500	62,000	104,500
Terms loans	168,257	254,096	168,257	254,096
Sukuk Murabahah Medium Term Notes	-	90,000	-	-
	302,120	559,111	230,257	358,596

- (a) Borrowings are classified as financial liabilities and measured at amortised cost.
- (b) The effective interest rates per annum of loans and borrowings as at the end of the reporting period were as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Floating rate				
Bank overdrafts	-	7.07 - 7.65	-	-
Bankers' acceptances	3.87 - 4.35	4.14 - 4.33	-	-
Revolving credits	4.19 - 4.91	3.73 - 4.30	4.19 - 4.29	3.73 - 3.86
Terms loans	3.00 - 7.12	3.00 - 6.19	3.00 - 7.12	3.00 - 6.19
Fixed rate				
Sukuk Murabahah Medium Term Notes	-	5.30	-	-

- (c) In the previous financial year, the Sukuk Murabahah Medium Term Notes comprised the following tranches:

Tranche no.	Coupon rates	Maturity	2022 RM'000
Sukuk Murabahah Medium Term Notes			
Tranche 2	5.30%	2023	90,000

39. LOANS AND BORROWINGS (continued)

(d) The borrowings of the Group and of the Company are secured by the following:

- (i) A letter of negative pledge over the assets of the Company with certain bankers;
- (ii) Certain landed properties of the Group as follows: and

	Group	
	2023 RM'000	2022 RM'000
Property, plant and equipment:		
- buildings	3,963	4,189
- bearer plants	88,152	79,237
Land use rights	1,151	1,307
	93,266	84,733

(iii) Biological assets of the Company amounted to approximately RM110,174,000 (2022: RM116,883,000).

(e) Sukuk Murabahah Medium Term Notes

TSH Sukuk Murabahah Sdn. Bhd., a wholly owned subsidiary of the Company, issued the first series of Sukuk Murabahah Medium Term Notes amounted to RM90,000,000, in nominal value, for tenure of 7 years in June 2016. In the financial year 2021, the Company issued the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000, in nominal value for tenure of 5 years.

During the financial year, the Group redeemed the first series of Sukuk Murabahah Medium Term Notes amounted to RM90,000,000.

In the previous financial year, the Group redeemed the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000.

The unutilised portion of the Sukuk Murabahah Medium Term Notes as at 31 December 2023 amounted to RM150,000,000 (2022: RM60,000,000).

(f) The maturity of the term loans is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Not later than 1 year	57,294	89,236	57,294	89,236
Later than 1 year and not later than 2 years	53,212	55,974	53,212	55,974
Later than 2 years and not later than 5 years	21,000	72,852	21,000	72,852
Later 5 years or more	36,751	36,034	36,751	36,034
	168,257	254,096	168,257	254,096

39. LOANS AND BORROWINGS (continued)

- (g) The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

The fair values of non-current loans and borrowings that carry floating interest rates approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

In the previous financial year, the carrying amounts of Sukuk Murabahah Medium Term Notes, which bore fixed interest rates were reasonable approximation of their fair values and would not be significantly different from the values that would eventually be settled.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (h) The maturity profile of loans and borrowings of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2023				
Loans and borrowings	197,493	77,746	41,769	317,008
As at 31 December 2022				
Loans and borrowings	406,057	137,336	41,299	584,692
Company				
As at 31 December 2023				
Loans and borrowings	125,630	77,746	41,769	245,145
As at 31 December 2022				
Loans and borrowings	203,157	137,336	41,299	381,792

- (i) At the end of the reporting period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM572,000 (2022: RM719,000) and RM437,000 (2022: RM681,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense (net of interest expense capitalised) on loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

39. LOANS AND BORROWINGS (continued)

(j) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	1.1.2023 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2023 RM'000
Group				
Bankers' acceptances	16,046	24,817	-	40,863
Revolving credits	198,500	(105,500)	-	93,000
Terms loans	254,096	(88,519)	2,680	168,257
Sukuk Murabahah Medium Term Notes	90,000	(90,000)	-	-
Loans and borrowings	558,642	(259,202)	2,680	302,120
Company				
Revolving credits	104,500	(42,500)	-	62,000
Terms loans	254,096	(88,519)	2,680	168,257
Loans and borrowings	358,596	(131,019)	2,680	230,257

	1.1.2022 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2022 RM'000
Group				
Bankers' acceptances	51,883	(35,837)	-	16,046
Revolving credits	292,783	(94,283)	-	198,500
Terms loans	564,585	(315,925)	5,436	254,096
Sukuk Murabahah Medium Term Notes	150,000	(60,000)	-	90,000
Sukuk Murabahah Islamic Commercial Papers	50,000	(50,000)	-	-
Loans and borrowings	1,109,251	(556,045)	5,436	558,642
Company				
Revolving credits	250,283	(145,783)	-	104,500
Terms loans	564,585	(315,925)	5,436	254,096
Loans and borrowings	814,868	(461,708)	5,436	358,596

* Represents foreign exchange differences.

40. RETIREMENT BENEFITS

	Group	
	2023 RM'000	2022 RM'000
At 1 January	17,324	19,158
Charge for the year recognised in profit or loss	5,346	1,077
Interest cost	1,325	1,167
Current service cost	4,770	4,131
Past service cost	(749)	(4,221)
Recognised in other comprehensive income:		
Actuarial gains arising from changes in assumption in respect of:		
- current year	870	(1,340)
	870	(1,340)
Actual benefit payment	(1,522)	(975)
Exchange differences	964	(596)
At 31 December	22,982	17,324
The amounts recognised on the statements of financial position are determined as follows:		
Present value of obligations	22,982	17,324
Net liabilities	22,982	17,324

- (a) The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 6/2023 (the "Labour Law"). The said additional provisions, which are unfunded, are estimated using actuarial calculations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
- (b) The Group's obligation under the defined benefit plan is determined based on the latest actuarial valuations by an independent actuary in December 2023.
- (c) Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit plans are as follows:

	2023 %	2022 %
Discount rate	6.75	7.50
Expected return of salary increase	4.00	4.00

40. RETIREMENT BENEFITS (continued)

- (d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

		31 December 2023	31 December 2022
		Impact on defined	Impact on defined
		benefits obligation	benefits obligation
		Increase/(Decrease)	Increase/(Decrease)
		RM'000	RM'000
Discount rate	+ 1%	5,454	4,457
	- 1%	(4,046)	(3,408)
Future salary	+ 1%	5,938	4,916
	- 1%	(3,563)	(2,949)
Mortality	+ 10%	6,333	5,243
	- 10%	(5,278)	(4,370)
Disable or illness	+ 5%	6,069	5,025
	- 5%	(5,542)	(4,588)

41. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	26,786	31,671	-	-
Other payables				
Amounts due to subsidiaries	-	-	112,919	195,569
Accruals	36,157	44,799	5,936	6,514
Contract liabilities (Note 31)	1,297	897	-	-
Other deposits	18,036	17,124	373	409
Sundry payables	41,126	47,570	6,644	7,110
Financial guarantee contracts	73	97	255	504
	96,689	110,487	126,127	210,106
	123,475	142,158	126,127	210,106

41. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Total trade and other payables	123,475	142,158	126,127	210,106
Add: Lease liabilities (Note 20)	1,375	1,935	55	78
Add: Loans and borrowings (Note 39)	302,120	559,111	230,257	358,596
Total financial liabilities carried at amortised cost	426,970	703,204	356,439	568,780

Trade and other payables are classified as financial liabilities and measured at amortised cost.

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2022: 30 to 60 days).

(b) Other deposits

Include in other deposits of the Group were downpayments received amounted to IDR59,209,000,000 or equivalent to RM17,644,000 (2022: IDR59,209,000,000 or equivalent to RM16,697,000) for the proposed disposals as disclosed in Note 46.1 to the financial statements.

(c) Amounts due to subsidiaries

Except for the current amounts due to certain subsidiaries totalling RM61,911,000 (2022: RM148,819,000) that are interest bearing, the current amounts due to other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months.

The effective interest rate per annum of amounts due to subsidiaries as at the end of the reporting period were as follows:

	Group		Company	
	2023	2022	2023	2022
	%	%	RM'000	RM'000
Floating rate				
Current amounts due to subsidiaries	5.01 - 5.49	3.44 - 4.80	61,911	58,819
Fixed rate				
Current amounts due to subsidiaries	-	5.30	-	90,000

41. TRADE AND OTHER PAYABLES (continued)

(c) Amounts due to subsidiaries (continued)

At the end of reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax would have been RM118,000 (2022: RM112,000) higher/lower, arising mainly as a result of lower/higher interest expense on amount due to subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate interest bearing amounts due to subsidiaries as at the end of the reporting period is not presented as they are not affected by changes in interest rates.

(d) Financial guarantees contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The nominal amounts of financial guarantees provided by the Group and by the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Banking facilities granted to subsidiaries	-	-	50,000	98,756
Guarantee given to a financial institution under a Plasma Scheme	24,227	30,745	10,815	18,495

The movement of the financial guarantee contracts during the financial year is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	97	144	504	287
Fair value changes on financial guarantee contracts	(24)	(47)	(249)	217
At 31 December	73	97	255	504

41. TRADE AND OTHER PAYABLES (continued)

- (e) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2023				
Trade and other payables	123,475	-	-	123,475
As at 31 December 2022				
Trade and other payables	142,158	-	-	142,158
Company				
As at 31 December 2023				
Trade and other payables	129,501	-	-	129,501
As at 31 December 2022				
Trade and other payables	215,438	-	-	215,438

42. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Property, plant and equipment:				
Approved and contracted for	13,707	13,580	170	819
Approved but not contracted for	48,593	31,719	875	739
	62,300	45,299	1,045	1,558

43. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) Identities 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 operating 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.

The Group has related party relationship with its direct and indirect subsidiaries, associate, joint ventures, Directors and key management personnel.

43. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	2023 RM'000	2022 RM'000
Group			
Joint ventures:			
Sales of crude palm oil	(i)	(229,411)	(338,201)
Sales of palm kernel	(i)	(31,588)	(56,099)
Transportation fees received	(i)	(953)	(966)
Sale of laran plantlet & plantable to a subsidiary of an associate	(i)	(887)	(685)
Purchase of fresh fruit bunches from a subsidiary of an associate	(ii)	-	2,525
Purchase of fresh fruit bunches from a company in which the family member of a Director of the Company has equity interests	(ii)	1,820	3,075
Purchase of fresh fruit bunches from spouse of a Director	(ii)	980	1,391
Company			
Transactions with subsidiaries:			
Sales of fresh fruit bunches	(i)	-	(2,036)
Interest income	(iii)	(16,837)	(30,105)
Interest expense on advances	(iii)	7,093	13,625
Management fees received		(22,224)	(23,776)
Dividend income		(78,252)	(127,285)
Rental income	(i)	(2,290)	(2,435)
Management fees paid		3,300	5,381
Transactions with an associate:			
Dividends received		(9,981)	(23,113)
Transactions with joint ventures:			
Dividends received		-	(15,000)

43. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

- (i) The sales of products, rental and rendering of services to subsidiaries, subsidiary of an associate, and joint ventures were made according to the published prices, market value or negotiation between both parties and other conditions.
- (ii) The purchase of fresh fruit bunches from a subsidiary of an associate and/or a company in which the family member of a Director of the Company has equity interests and/or spouse of a Director were made according to the published prices.
- (iii) The interest income and expense arose from the amounts due from/to subsidiaries. Further details are disclosed in Note 27 and Note 41 to the financial statements.

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 is disclosed in Note 27 and Note 41 to the financial statements.

(b) Compensation of key management personnel

The remuneration of Directors, which also includes the members of key management during the year was as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	4,794	6,394	4,732	6,329
Post-employment benefits:				
Defined contribution plan	722	1,361	715	903
	5,516	7,755	5,447	7,232

44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

44.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standard and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

The adoption of the above Standard and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

44.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Amendments, since the effects would only be observable for the future financial years.

45. CONTINGENT LIABILITIES

- 45.1** PT Sarana Prima Multi Niaga (“PT SPMN”), a subsidiary of the Group submitted judicial reviews to the Supreme Court of Republic of Indonesia on the Notices of Tax Underpaid Assessment received for fiscal year 2011 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 23 amounting to equivalent RM4,305,000 (including penalty and interest). In March 2023, the Supreme Court of Republic of Indonesia ruled in favour in PT SPMN in relation to one of the Notices of Tax Underpaid on Withholding Tax Articles 23. Based on consultation with the tax consultant, the Group is of the opinion that PT SPMN has a valid defence against the said Tax Office’s assessments.
- 45.2** PT Teguh Swakarsa Sejahtera (“PT TSS”), a subsidiary of the Group has an outstanding appeal at the local Tax Court on the Notice of Tax Underpaid Assessment received for fiscal year 2016 showing an underpayment of Corporate Income Tax amounting to equivalent RM8,139,000 (including penalty and interest). In June 2023, PT TSS submitted a tax appeal to the Local Tax Court on Tax Loss Carry Forward amounting to approximately RM9,031,000 for fiscal year 2019. Based on consultation with the tax consultants, the Group is of the opinion that PT TSS has a valid defence against the said Tax Office’s assessments.
- 45.3** PT Andalas Agro Industri (“PT AAI”), a subsidiary of the Group has outstanding appeals at the local Tax Court on the Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments of Value Added Tax amounting to equivalent RM1,021,000 (including penalty). In October 2023, PT AAI has won the said assessment and the tax court has granted PT AAI the said Value Added Tax which will be refunded from the Tax Office.

45. CONTINGENT LIABILITIES (continued)

- 45.4 PT Bulungan Citra Agro Persada (“PT BCAP”), a subsidiary of the Group has outstanding appeals at the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 21 amounting to equivalent RM1,040,000 (including penalty and interest). Based on consultation with the tax consultant, the Group is of the opinion that PT BCAP has a valid defence against the said Tax Office’s assessments.
- 45.5 PT Farinda Bersaudara (“PT FDB”), a subsidiary of the Group has outstanding appeals at the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 21 amounting to equivalent RM8,083,000 (including penalty and interest). In August 2023, PT FDB submitted a tax appeal to the local Tax Court on Corporate Income Tax, Value Added Tax and Withholding Tax Articles 4(2) amounting to equivalent RM11,832,000 (including penalty and interest) for fiscal year 2020. Based on consultation with the tax consultants, the Group is of the opinion that PT FDB has a valid defence against the said Tax Office’s assessments.
- 45.6 In December 2023, PT Andalas Wahana Sukses (“PT AWS”), a subsidiary of the Group submitted a tax appeal to the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2020 showing underpayments on Corporate Income Tax and Withholding Tax Articles 23 amounting to RM5,345,000 (including penalty and interest). Based on consultation with the tax consultant, the Group is of the opinion that PT AWS has a valid defence against the said Tax Office’s assessments.

Other than the above, there are also ongoing objections with the local tax authority on certain disputed tax assessments, which the Group is of the view that it has valid explanations to justify.

In accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, the Group discloses the contingent liabilities relating to the tax cases of the subsidiaries in Indonesia as there is a present obligation that arose from past event, although the amounts of obligation could not be measured with sufficient reliabilities at this juncture.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- 46.1 On 4 April 2022, PT Bulungan Citra Agro Persada (“PT BCAP”), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement (“CSPA”) with PT Kawasan Industri Kalimantan Indonesia (“KIKI”) and PT Kalimantan Industrial Park Indonesia (“KIPI”) for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as “the Sale Land”) for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the disposal of 7,817.36 hectares of the Sale Land was completed.

On 18 January 2023, the disposal for 574.56 hectares of the uncertified land was completed for cash consideration amounted to RM28,717,000, which is subject to 2.5% tax on the cash consideration amounted to RM718,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM27,604,000 in the financial statements.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

The proposed disposal of the remaining of the Sale Land is expected to be completed within the next twelve (12) months and has continued to be classified as assets held for sale.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

46.2 On 21 July 2023, the Company announced its intention to undertake a secondary listing of and quotation for its entire issued ordinary shares on the Main Board of the SGX-ST by way of introduction (“Proposed Secondary Listing”).

On 26 September 2023, the Proposed Secondary Listing was completed following the listing of and quotation for the entire issued share capital of the Company on the Main Board of the SGX-ST. The shares are and will continue to be listed on the Main Market of Bursa Securities, which will remain as the primary stock exchange on which the shares are listed.