BATU KAWAN BERHAD

196501000504 (6292-U)

ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Eighth Annual General Meeting ("**58th AGM**") of Batu Kawan Berhad ("**BKB**" or "**Company**") will be held at Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 23 February 2023 at 2.15 p.m. for the following purposes:

AGENDA
As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2022 and the Directors' and Auditors' Reports thereon.

2. To re-elect the following Directors who retire by rotation in accordance with the Company's Constitution:

Tan Sri Dato' Seri Lee Oi Hian	(Ordinary Resolution 1)
Dato' Lee Hau Hian	(Ordinary Resolution 2)
Dato' Yeoh Eng Khoon	(Ordinary Resolution 3)

3. To re-elect Ms. Susan Yuen Su Min who was appointed during the year and retires in accordance with the Company's Constitution. (Ordinary Resolution 4)

4. To approve the payment of Directors' fees to the Non-Executive Directors for the financial year ended 30 September 2022 amounting to RM1,392,514 (2021: RM1,187,528). (Ordinary Resolution 5)

5. To approve the payment of Directors' benefits (other than Directors' fees) for the period from this 58th AGM to the Fifty-Ninth Annual General Meeting ("**59th AGM**") of the Company to be held in 2024. (Ordinary Resolution 6)

6. To re-appoint Messrs BDO PLT as Auditors of the Company for the financial year ending 30 September 2023 and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 7)

As Special Business:

7. To consider and, if thought fit, pass the following ordinary resolutions:

(a) **PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** (Ordinary Resolution 8)

"THAT authority be given to the Company to buy back an aggregate number of shares in the Company ("**Authority to Buy Back Shares**") as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that at the time of purchase, the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company and that the maximum funds to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained profits of the Company;

THAT the shares purchased by the Company pursuant to Authority to Buy Back Shares may be dealt with by the Directors in all or any of the following manner:

(i) distribute the shares as share dividends to the shareholders; or
(ii) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or
(iii) transfer the shares or any of the shares for the purposes of or under an employees' share scheme; or
(iv) transfer the shares or any of the shares as purchase consideration; or
(v) cancel the shares or any of the shares; or
(vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority."

(b) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** (Ordinary Resolution 9)

"THAT subject to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into all arrangements and/or transactions as set out in Appendix II of the Circular to Shareholders dated 30 December 2022 involving the interests of Directors, major shareholders or persons connected with Directors or major shareholders ("**Related Parties**") of the Company and/or its subsidiaries provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the Group's day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of minority shareholders,

("**Mandate**").

THAT such authority shall commence upon the passing of this ordinary resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(1) of the Companies Act 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

(c) **PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY ("BKB SHARES") IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN BKB SHARES ("DIVIDEND REINVESTMENT PLAN")** (Ordinary Resolution 10)

"THAT pursuant to the Dividend Reinvestment Plan ("**DRP**") approved by the shareholders at the Annual General Meeting held on 13 February 2018 and subject to the approval of the relevant authorities (if any), approval be and is hereby given to the Company to allot and issue such number of BKB Shares pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said BKB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("**VWAMP**") of BKB shares immediately prior to the price-fixing date, which VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 15 February 2023 shall be entitled to attend and vote at this Annual General Meeting or appoint a proxy in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.

By Order of the Board
YAP MIOW KIEN (MAICSA 7059013) SSM PC 202008000769
GOH SWEE ENG (MIA 15953) SSM PC 202008002222
CHIEW CINDY (MAICSA 7057923) SSM PC 202008002202
(Company Secretaries)

Ipoh, Perak Darul Ridzuan, Malaysia.
30 December 2022

NOTES:

(1) APPOINTMENT OF PROXY

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend and vote at the same meeting on his/her behalf. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies in the instrument appointing the proxies the proportion of shareholdings to be represented by each proxy.

(b) Where the proxy form is executed by a corporation, it must be signed under its common seal or where the corporation does not have a common seal, by any two (2) of its authorised officers or under the hand of its officer or attorney duly authorised. In the case of a corporation with a single director, it shall be signed by the single director and countersigned by the company secretary of the corporation.

(c) Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(e) The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by the Company not less than twenty-four (24) hours before the time appointed for the taking of the poll:

- In hardcopy form
  The original proxy form shall be deposited at the Company Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("**Boardroom**"), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

- Electronically
  The proxy form can be electronically lodged with Boardroom via Boardroom's website, Boardroom Smart Investor Portal at *https://investor.boardroomlimited.com.* Please follow the procedures set out in the Administrative Guide for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at *bsr.helpdesk@boardroomlimited.com*.

(f) The power of attorney or other authority, if any, under which it is signed or a notarially certified of that power or authority, shall be deposited with Boardroom not less than twenty-four (24) hours before the time appointed for the taking of the poll.

(2) EXPLANATORY NOTES TO ORDINARY BUSINESS

(a) Audited Financial Statements for financial year ended 30 September 2022

The Audited Financial Statements are laid in accordance with Section 340(1) of the Companies Act 2016 for discussion only and do not require members' approval. Hence, Agenda 1 will not be put forward for voting.

(b) Re-election of Directors

Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian and Dato' Yeoh Eng Khoon who retire by rotation in accordance with the Company's Constitution and being eligible, have offered themselves for re-election at this AGM.

Ms. Susan Yuen Su Min, who was appointed as a Director of the Company on 1 March 2022, also retires pursuant to the Company's Constitution and being eligible, has offered herself for re-election at this Annual General Meeting.

The Board has, via the Nomination Committee, assessed and is satisfied with the performance and eligibility of the said retiring Directors. The Directors standing for re-election have discharged their duties and responsibilities effectively and efficiently. The profiles of the retiring Directors are set out in the Profile of Directors section of the Annual Report.

NOTES: (Continued)

(2) EXPLANATORY NOTES TO ORDINARY BUSINESS (Continued)

(b) Re-election of Directors (Continued)

Shareholders' approvals are sought for the re-elections of Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian, Dato' Yeoh Eng Khoon and Ms. Susan Yuen Su Min under Ordinary Resolutions 1, 2, 3 and 4 respectively.

(c) Payment of Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the members' approval shall be sought at this 58th AGM on the Directors' fees and benefits in two (2) separate resolutions as follows:

(i) Ordinary Resolution 5 on payment of Directors' fees to the Non-Executive Directors in respect of the financial year ended 2022 is as set out below:

	Board (RM per annum)	Audit and Risk Committee (RM per annum)	Other Board Committees (RM per annum)
Non-Executive Chairman	217,500	35,000	25,000
Non-Executive Directors / Committee Members	145,000	25,000	15,000

(ii) Ordinary Resolution 6 on payment of Directors' benefits (excluding Directors' fees) for the period from this 58th AGM to 59th AGM of the Company to be held in 2024, as summarised in the table below:

Type of Benefit/Allowance	Amount
Meeting Allowance (Board and Committees)	RM2,000 per meeting
Overseas Travelling Allowance	RM1,000 per day
Other Benefits	Business travel, medical, insurance coverage, and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties.

(3) EXPLANATORY NOTES TO SPECIAL BUSINESSES

(a) Proposed Renewal of Authority to Buy Back Shares

Ordinary Resolution 8 proposed under Item 7(a) of the Agenda, if passed, will empower the Directors to buy back the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company at a general meeting.

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 9 proposed under Item 7(b) of the Agenda, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of business made on normal commercial terms not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders.

NOTES: (Continued)

(3) EXPLANATORY NOTES TO SPECIAL BUSINESSES (Continued)

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") (Continued)

By obtaining the approval for the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek members' approval as and when such Recurrent Related Party Transactions occur is avoided which would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(c) Proposed Renewal of Authority for Directors to Allot and Issue BKB Shares in relation to Dividend Reinvestment Plan

The shareholders had, at the Fifty-Third Annual General Meeting held on 13 February 2018, approved the authority for the Directors to allot and issue BKB Shares in relation to Dividend Reinvestment Plan ("**DRP**") and such authority will expire at the conclusion of the forthcoming Annual General Meeting.

Ordinary Resolution 10 proposed under Item 7(c) of the Agenda, if passed, will give authority to the Directors to allot and issue BKB Shares pursuant to the DRP in respect of any dividends declared, and such authority shall expire at the conclusion of the next Annual General Meeting of the Company.

For Ordinary Resolutions 8 and 9 mentioned above, further information is set out in the Circular to Shareholders of the Company dated 30 December 2022 which is available on the Company's website, *www.bkawan.com.my*.

Notis Mesyuarat Agung Tahunan

NOTIS DENGAN INI DIBERIKAN bahawa Mesyuarat Agung Tahunan Batu Kawan Berhad ("**BKB**" atau "**Syarikat**") yang Kelima Puluh Lapan akan diadakan di Bilik Persidangan, Aras Bawah, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia pada hari Khamis, 23 Februari 2023 pada pukul 2.15 petang untuk tujuan-tujuan berikut:

AGENDA
Sebagai Urusan Biasa:

1. Untuk menerima Penyata Kewangan Beraudit bagi tahun kewangan berakhir 30 September 2022 berserta Laporan Pengarah dan Juruaudit yang berkaitan dengannya.

2. Untuk memilih semula para Pengarah berikut yang akan bersara mengikut giliran menurut Perlembagaan Syarikat:

   Tan Sri Dato' Seri Lee Oi Hian (Resolusi Biasa 1)
   Dato' Lee Hau Hian (Resolusi Biasa 2)
   Dato' Yeoh Eng Khoon (Resolusi Biasa 3)

3. Untuk memilih semula Cik Susan Yuen Su Min yang dilantik dalam tahun semasa dan akan bersara menurut Perlembagaan Syarikat. (Resolusi Biasa 4)

4. Untuk meluluskan bayaran fi kepada Pengarah Bukan Eksekutif berjumlah RM1,392,514 bagi tahun berakhir 30 September 2022 (2021: RM1,187,528). (Resolusi Biasa 5)

5. Untuk meluluskan bayaran faedah para Pengarah (tidak termasuk fi para Pengarah) bagi tempoh dari Mesyuarat Agung Tahunan Syarikat yang Kelima Puluh Lapan sehingga Mesyuarat Agung Tahunan Syarikat yang Kelima Puluh Sembilan yang akan diadakan pada tahun 2024. (Resolusi Biasa 6)

6. Untuk melantik semula Tetuan BDO PLT sebagai Juruaudit Syarikat bagi tahun kewangan berakhir 30 September 2023 dan memberi kuasa kepada para Pengarah untuk menetapkan saraan Tetuan BDO PLT. (Resolusi Biasa 7)

Sebagai Urusan Khas:

7. Untuk mempertimbangkan dan sekiranya difikirkan sesuai, meluluskan resolusi-resolusi biasa berikut:

   (a) **CADANGAN PEMBAHARUAN KUASA UNTUK MEMBELI BALIK SYER SYARIKAT** (Resolusi Biasa 8)

   "BAHAWA kuasa diberikan kepada Syarikat untuk membeli balik agregat syer Syarikat ("**Cadangan Memberi Kuasa Membeli Balik Syer**") dengan jumlah syer ditentukan oleh para Pengarah dari masa ke semasa melalui Bursa Malaysia Securities Berhad berdasarkan terma dan syarat yang dianggap sesuai dan wajar oleh para Pengarah demi kepentingan Syarikat tertakluk kepada syarat bahawa pada masa pembelian, bilangan agregat syer yang boleh dibeli dan/atau dipegang oleh Syarikat melalui resolusi ini adalah tidak melebihi sepuluh peratus (10%) daripada jumlah bilangan syer terbitan Syarikat dan dana maksima yang diperuntukkan untuk Cadangan Memberi Kuasa Membeli Balik Syer tidak melebihi jumlah keuntungan terkumpul Syarikat yang terkini dan telah diaudit;

BAHAWA syer yang dibeli oleh Syarikat menurut Cadangan Memberi Kuasa Membeli Balik Syer boleh diuruskan oleh para Pengarah mengikut semua atau mana-mana cara yang berikut:

(i) membahagikan syer tersebut sebagai dividen kepada pemegang syer; atau
(ii) menjual semula syer tersebut atau mana-mana bahagian daripada syer itu melalui Bursa Malaysia Securities Berhad; atau
(iii) memindah milik syer tersebut atau mana-mana bahagian daripada syer itu bagi tujuan atau di bawah perlaksanaan skim syer pekerja; atau
(iv) memindah milik syer tersebut atau mana-mana bahagian daripada syer itu sebagai balasan pembelian; atau
(v) membatalkan syer tersebut atau mana-mana bahagian daripada syer itu; atau
(vi) menjual, memindah milik atau selainnya menggunakan syer itu bagi lain-lain tujuan sepertimana yang dibenarkan oleh Akta Syarikat 2016.

DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa untuk melaksanakan segala tindakan dan perkara yang berkaitan bagi memberi kesan sepenuhnya kepada Cadangan Memberi Kuasa Membeli Balik Syer untuk menyetujui dan mematuhi sebarang syarat, pengubahsuaian, penilaian semula, variasi dan/atau pindaan (jika ada) yang dikuatkuasakan oleh pihak berkuasa berkaitan; DAN BAHAWA kuasa tersebut akan bermula pada masa resolusi biasa ini diluluskan dan akan tamat pada penutupan Mesyuarat Agung Tahunan Syarikat yang berikutnya, berikutan dengan kelulusan resolusi biasa ini atau penamatan tempoh di mana Mesyuarat Agung Tahunan yang berikutnya kelulusan resolusi biasa ini atau penamatan tempoh di mana Mesyuarat Agung Tahunan yang berikutnya sepatutnya diadakan mengikut syarat undang-undang (melainkan dibatalkan atau diubah melalui resolusi biasa para pemegang syer Syarikat dalam mesyuarat agung), namun tidak menjejaskan penyempurnaan pembelian oleh Syarikat sebelum tarikh tamat yang dinyatakan dan, dalam apa jua keadaan, menurut peruntukan garis panduan yang dikeluarkan oleh Bursa Malaysia Securites Berhad atau pihak berkuasa lain yang berkenaan."

(b) **CADANGAN PEMBAHARUAN MANDAT PARA PEMEGANG SYER UNTUK MELULUSKAN TRANSAKSI DAGANGAN SERING BERULANG DENGAN PIHAK-PIHAK YANG BERKAITAN** (Resolusi Biasa 9)

"BAHAWA, tertakluk kepada Akta Syarikat 2016 dan Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad, kelulusan diberikan kepada Syarikat dan/atau syarikat subsidiarinya untuk mementerai perjanjian bagi transaksi dengan pihak-pihak yang berkaitan seperti yang tertera di Appendik II dalam Surat Pekeliling Syarikat kepada para pemegang syer yang bertarikh 30 Disember 2022 yang melibatkan kepentingan para Pengarah atau pemegang syer utama atau pihak-pihak yang berkaitan dengan para Pengarah atau para pemegang syer utama ("**Pihak-pihak Berkaitan**") Syarikat dan/atau subsidiari-subsidiarinya sekiranya transaksi-transaksi tersebut adalah:

(i) sering berulang dan bersifat perdagangan;
(ii) merupakan keperluan untuk urusan perniagaan harian;
(iii) dilaksanakan secara perniagaan biasa seumpama transaksi dijalankan dengan pihak umum dan tidak memberikan kelebihan kepada pihak-pihak berkaitan; dan
(iv) tidak merugikan atau menjejaskan kepentingan para pemegang syer minoriti,

("**Mandat**").

DAN BAHAWA, Mandat tersebut akan berkuatkuasa selepas kelulusan resolusi biasa ini dan akan berkuatkuasa sehingga:

(i) penamatan Mesyuarat Agung Tahunan Syarikat berikutnya selepas Mesyuarat Agung Tahunan pada mana Mandat tersebut diluluskan bila mana ia akan luput, melainkan resolusi diluluskan untuk memperbaharui Mandat, diperolehi dalam mesyuarat tersebut; atau
(ii) tamatnya tempoh bilamasa Mesyuarat Agung Tahunan perlu diadakan mengikut Seksyen 340(1) Akta Syarikat 2016 tetapi tidak dilanjutkan kepada lanjutan yang dibenarkan dibawah Seksyen 340(4) Akta Syarikat 2016 tersebut; atau
(iii) dimansuhkan atau diubah oleh resolusi biasa baru yang diluluskan oleh para pemegang syer dalam mesyuarat agung;

yang mana lebih terdahulu.

DAN BAHAWA, para Pengarah Syarikat dengan ini diberi kuasa untuk melengkapkan dan melaksanakan apa jua (termasuk menyempurnakan dokumen yang diperlukan) untuk membolehkan Mandat tersebut dikuatkuasakan."

(c) **CADANGAN PEMBAHARUAN KUASA KEPADA PARA PENGARAH UNTUK MEMPERUNTUKKAN DAN MENERBITKAN SYER BIASA BARU SYARIKAT ('SYER BKB") BERHUBUNG DENGAN PELAN PELABURAN SEMULA DIVIDEN YANG MEMBERIKAN OPSYEN KEPADA PARA PEMEGANG SYER SYARIKAT UNTUK MELABUR SEMULA DIVIDEN TUNAI KE DALAM SYER BKB ("PELAN PELABURAN SEMULA DIVIDEN")** (Resolusi Biasa 10)

"BAHAWA menurut Pelan Pelaburan Semula Dividen yang telah diluluskan oleh para pemegang syer pada Mesyuarat Agung Tahunan yang diadakan pada 13 Februari 2018 dan tertakluk kepada kelulusan pihak berkuasa yang berkenaan (jika ada), Syarikat dengan ini diberi kuasa untuk memperuntukkan dan menerbitkan sejumlah Syer BKB mengikut Pelan Pelaburan Semula Dividen sehingga penamatan Mesyuarat Agung Tahunan yang berikutnya, tertakluk kepada terma dan syarat sebagaimana yang para Pengarah boleh, mengikut budi bicara mutlak mereka, dianggap wajar dan demi kepentingan terbaik Syarikat DENGAN SYARAT harga terbitan Syer BKB tersebut akan ditetapkan oleh para Pengarah tidak melebihi sepuluh peratus (10%) diskaun dari nilai harga pasaran purata wajaran lima (5) hari ("**NHPPW**") yang diselaraskan bagi syer BKB sejurus sebelum tarikh penetapan harga, yang mana NHPPW hendaklah diselaraskan ex-dividen sebelum menggunakan diskaun yang dinyatakan dalam penentuan harga terbitan;

DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa untuk melakukan segala tindakan berkenaan dan melaksanakan semua urusniaga, pengaturan dan dokumen berkenaan sebagaimana perlu atau wajar untuk memberi kesan sepenuhnya kepada Pelan Pelaburan Semula Dividen dengan kuasa penuh untuk menerima sebarang syarat, penguahsuaian, variasi dan/atau pindaan (jika ada) sepertimana yang dikenakan atau dipersetujui oleh mana-mana pihak berkuasa yang berkaitan ataupun kesan daripada pelaksanaan syarat, pengubahsuaian, variasi dan/atau pindaan tersebut, sepertimana yang para Pengarah boleh, mengikut budi bicara mutlak mereka, anggap wajar dan demi kepentingan terbaik Syarikat."

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8. Untuk melaksanakan sebarang urusan lain yang mana notis sewajarnya telah diberikan menurut Akta Syarikat 2016.

Notis Mesyuarat Agung Tahunan (Sambungan)

DENGAN INI JUGA DIMAKLUMKAN BAHAWA hanya pemegang syer yang namanya terkandung di dalam Rekod Pendeposit atau Daftar Anggota pada 15 Februari 2023 adalah layak untuk hadir dan undi di mesyuarat ini atau melantik proksi untuk mengambil bahagian dan mengundi bagi pihaknya atau dalam hal suatu perbadanan, seorang pewakilan kuasa untuk menghadir dan mengundi bagi pihaknya.

Dengan Perintah Lembaga Pengarah
YAP MIOW KIEN (MAICSA 7059013) SSM PC 202008000769
GOH SWEE ENG (MIA 15953) SSM PC 202008002222
CHIEW CINDY (MAICSA 7057923) SSM PC 202008002202
(Setiausaha-setiausaha Syarikat)

Ipoh, Perak Darul Ridzuan, Malaysia.
30 Disember 2022

NOTA:

(1) PELANTIKAN PROKSI

(a) Pemegang syer Syarikat yang layak untuk menghadir dan mengundi pada mesyuarat ini berhak melantik tidak lebih daripada dua (2) proksi untuk menjalankan segala atau mana-mana haknya untuk turut menghadir and mengundi pada mesyuarat yang sama bagi pihaknya. Proksi tersebut boleh, tetapi tidak semestinya merupakan pemegang syer Syarikat. Sekiranya pemegang syer melantik dua (2) proksi, pelantikan tersebut dianggap tidak sah melainkan pemegang syer Syarikat menetapkan bahagian pegangan syer yang diwakili oleh setiap proksi dalam surat cara pelantikan proksi tersebut.

(b) Pelantikan proksi yang dilaksanakan oleh pemegang syer korporat, ia seharusnya ditandatangani di bawah meterai syarikat atau dimana pemegang syer korporat tidak mempunyai meterai syarikat, hendaklah ditandatangani oleh mana-mana dua (2) pegawai yang diberi kuasa atau oleh pegawainya atau pewakilan kuasa. Bagi syarikat dengan pengarah tunggal, surat cara pelantikan hendaklah ditandatangani oleh pengarah tunggal dan ditandatangani balas oleh setiausaha syarikat berkenaan.

(c) Bagi nomini yang sah berkecualian sebagai pemegang syer Syarikat sepertimana yang didefinisikan dalam Akta Industri Sekuriti (Pendeposit Pusat), 1991, yang memegang syer biasa dalam Syarikat bagi beberapa pihak pemilik benefisial dalam satu (1) akaun sekuriti ("**akaun omnibus**"), tiada had proksi yang boleh dilantik bagi setiap akaun omnibus yang dipegang.

(d) Di mana nomini yang sah berkecualian melantik dua (2) proksi atau lebih proksi, bahagian pegangan syer yang diwakili oleh setiap proksi hendaklah ditetapkan dalam surat cara pelantikan proksi tersebut.

(e) Pelantikan proksi boleh dibuat melalui salinan cetak atau secara elektronik seperti yang dinyatakan di bawah dan hendaklah diterima oleh Syarikat dalam tempoh tidak kurang daripada dua puluh empat (24) jam sebelum masa yang ditetapkan bagi menjalankan pengundian:

- Secara Salinan Bercetak
  Salinan asal borang proksi hendaklah diserahkan ke pejabat Pendaftar Saham Syarikat, Boardroom Share Registrars Sdn Bhd ("**Boardroom**"), Aras 11, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

- Secara Elektronik
  Borang proksi boleh juga diserahkan secara elektronik kepada Boardroom melalui laman web Boardroom, Boardroom Smart Investor Portal di *https://investor.boardroomlimited.com*. Sila ikuti prosedur yang terdapat dalam Panduan Pentadbiran (*Administrative Guide*) untuk tujuan serahan tersebut. Sebagai alternatif, borang proksi boleh diemelkan kepada Boardroom di *bsr.helpdesk@boardroomlimited.com*.

(f) Surat kuasa wakil atau kuasa lain, sekiranya ada, yang ditandatangani atau salinan yang diperakui oleh yang diberi kuasa atau pihak berkuasa tersebut hendaklah diserahkan ke pejabat Boardroom dalam tempoh tidak kurang daripada dua puluh empat (24) jam sebelum masa yang ditetapkan bagi menjalankan pengundian.

Notis Mesyuarat Agung Tahunan (Sambungan)

NOTA: (Sambungan)

(2) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN BIASA

(a) Penyata Kewangan Beraudit bagi tahun kewangan berakhir 30 September 2022

Penyata Kewangan Beraudit yang dibentangkan menurut Seksyen 340(1) Akta Syarikat 2016 hanyalah bertujuan untuk perbincangan sahaja dan tidak memerlukan kelulusan rasmi daripada para pemegang syer. Oleh itu, Agenda ini tidak akan dikemukakan untuk pengundian.

(b) Pemilihan semula Para Pengarah

Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian dan Dato' Yeoh Eng Khoon yang akan bersara mengikut giliran menurut Perlembagaan Syarikat dan layak, telah menawarkan diri untuk dipilih semula di Mesyuarant Agung Tahunan ini.

Cik Susan Yuen Su Min, yang dilantik sebagai Pengarah Syarikat pada 1 Mac 2022, akan bersara menurut Perlembagaan Syarikat dan layak, telah menawarkan diri untuk dipilih semula pada Mesyuarat Agung Tahunan ini.

Lembaga Pengarah telah, menerusi Jawatankuasa Pencalonan, melakukan penilaian dan berpuas hati dengan prestasi dan kelayakan pengarah-pengarah yang bersara. Pengarah-pengarah tersebut yang mencalonkan diri dalam pemilihan semula telah menunaikan kewajiban dan tanggungjawab dengan sepenuhnya and berkesan. Profil-profil bagi para Pengarah yang bersara adalah disenaraikan di dalam bahagian Profil Pengarah, Laporan Tahunan.

Kelulusan para pemegang syer adalah dipohon dibawah Resolusi Biasa 1, 2, 3 dan 4 masing-masing untuk pemilihan semula Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian, Dato' Yeoh Eng Khoon dan Cik Susan Yuen Su Min sebagai Pengarah Syarikat.

(c) Pembayaran Fi Pengarah dan Faedah

Menurut Seksyen 230(1) Akta Syarikat 2016, pembayaran fi pengarah dan apa-apa faedah yang perlu dibayar kepada Pengarah Syarikat dan pengarah subsidiarinya hendaklah diluluskan pada suatu mesyuarat agung. Dalam hal ini, Lembaga Pengarah bersetuju untuk mendapatkan kelulusan daripada para pemegang syer bagi fi dan faedah Pengarah dalam dua (2) resolusi berasingan berikut pada Mesyuarat Agung Tahunan yang Kelima Puluh Lapan:

(i) Resolusi Biasa 5 mengenai pembayaran fi Pengarah bagi tahun kewangan 2022 kepada Pengarah Bukan Eksekutif adalah seperti berikut:

	Lembaga Pengarah (RM Setiap Tahun)	Jawatankuasa Audit Dan Risiko (RM Setiap Tahun)	Jawatankuasa Lembaga (Lain-Lain) (RM Setiap Tahun)
Pengerusi Bukan Eksekutif	217,500	35,000	25,000
Pengarah Bukan Eksekutif / Ahli Jawatankuasa	145,000	25,000	15,000

Notis Mesyuarat Agung Tahunan (Sambungan)

NOTA: (Sambungan)

(2) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN BIASA (Sambungan)

(c) Pembayaran Fi Pengarah dan Faedah (Sambungan)

(ii) Resolusi Biasa 6 mengenai pembayaran faedah Pengarah (tidak termasuk fi Pengarah) bagi tempoh dari Mesyuarat Agung Tahunan yang Kelima Puluh Lapan sehingga Mesyuarat Agung Tahunan Syarikat yang Kelima Puluh Sembilan yang akan diadakan pada tahun 2024, sepertimana yang diringkaskan dalam jadual di bawah:

Jenis faedah/elaun	Amaun
Elaun Mesyuarat (Lembaga Pengarah dan Jawatankuasa lain)	RM2,000 setiap mesyuarat
Elaun Perjalanan Luar Negara	RM1,000 setiap hari
Faedah lain	Perjalanan perniagaan, perubatan, perlindungan insurans, dan segala bayaran balik dan tuntutan bagi para Pengarah semasa menjalankan tugasnya

(3) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN KHAS:

(a) Cadangan Pembaharuan Kuasa Membeli Balik Syer Sendiri oleh Syarikat

Resolusi Biasa 8 yang dicadangkan di bawah Agenda 7(a), jika diluluskan, akan memberi kuasa kepada para Pengarah untuk membeli balik syer Syarikat. Kuasa ini, melainkan dibatalkan atau diubahkan oleh Syarikat dalam mesyuarat agung, akan tamat dalam Mesyuarat Agung Tahunan Syarikat berikutnya.

(b) Cadangan Pembaharuan Mandat Pemegang Syer untuk meluluskan Transaksi Dagangan Sering Berulang dengan pihak-pihak yang Berkaitan ("Cadangan Mandat Pemegang Syer")

Resolusi Biasa 9 yang dicadangkan di bawah Agenda 7(b), jika diluluskan, akan membenarkan Kumpulan Syarikat menjalankan transaksi-transaksi sering berulang bersifat hasil atau dagangan dengan pihak-pihak berkaitan untuk operasi harian Kumpulan Syarikat dengan syarat urus niaga berkenaan dilaksanakan dalam urusan lazim perniagaan dengan terma-terma yang tidak berat sebelah berbanding dengan yang tersedia kepada pihak awam dan tidak menjejaskan para pemegang syer minoriti Syarikat.

Dengan mendapatkan kelulusan bagi Cadangan Mandat Pemegang Syer tersebut dan memperbaharuinya setiap tahun, keperluan untuk mengadakan mesyuarat agung yang berasingan dari masa ke semasa untuk mendapatkan kelulusan pemegang syer bila mana berlakunya transaksi demikian, akan dapat dielakkan. Dengan memperolehi mandat ini, masa pentadbiran, kesulitan dan perbelanjaan berkaitan dengan mengadakan mesyuarat akan dijimatkan tanpa menjejaskan objektif korporat Kumpulan Syarikat dan peluang perniagaan yang sedia ada kepada Kumpulan Syarikat.

(c) Cadangan Pembaharuan Kuasa kepada para Pengarah untuk Memperuntukkan dan Menerbitkan Syer BKB berhubung dengan Pelan Pelaburan Semula Dividen

Para pemegang syer telah meluluskan dan memberi kuasa kepada para Pengarah untuk memperuntukkan dan menerbitkan Syer BKB di bawah Pelan Pelaburan Semula Dividen pada Mesyuarat Agung Tahunan yang Kelima Puluh Tiga yang telah diadakan pada 13 Februari 2018, dan kuasa tersebut akan tamat pada penutupan Mesyuarat Agung Tahunan yang akan datang.

Resolusi Biasa 10 yang dicadangkan di bawah Agenda 7(c), jika diluluskan, akan memberi kuasa kepada para Pengarah untuk memperuntukkan dan menerbitkan Syer BKB di bawah Pelan Pelaburan Semula Dividen selaras dengan mana-mana dividen yang diisytiharkan, dan kuasa tersebut akan habis tempoh pada penamatan Mesyuarat Agung Tahunan Syarikat yang akan datang.

Untuk Resolusi Biasa 8 dan 9 tersebut di atas, penerangan lanjut berkenaan dengan perkara-perkara tersebut di atas adalah terkandung di dalam Surat Pekeliling kepada Pemegang Syer Syarikat bertarikh 30 Disember 2022 yang boleh didapati di laman web Syarikat, *www.bkawan.com.my*.

About Batu Kawan Berhad

Founded in December 1965 and listed on the Main Market of the Malaysian stock exchange since October 1971, Batu Kawan Berhad ("**BKB**") is an investment holding company which has its principal activities structured into four notable segments: Plantation, Manufacturing, Property Development and Investment Holding/Others.

BKB's major investment is its 47% stake in Kuala Lumpur Kepong Berhad ("**KLK**") – one of the leading palm oil producers in the region. KLK's core business is Plantation, which involves the cultivation of oil palm and rubber estates, harvesting and processing the Fresh Fruit Bunches ("**FFB**") into Crude Palm Oil ("**CPO**") and Palm Kernel ("**PK**"). In addition, KLK, through its refineries and kernel crushing plants, processes CPO and PK into higher value palm-based products which are then sold in the domestic and international markets. Through various strategic acquisitions over the years, its landbank has expanded vastly across Malaysia, Indonesia and Liberia. KLK has also embarked onto resourced-based manufacturing (downstream) and is now a global producer of oleochemicals and specialty chemicals. The manufacturing operations were expanded through organic growth, joint ventures and acquisitions in Malaysia, China, Germany, the Netherlands, Switzerland, France and Belgium. Capitalising on its strategic landbanks in Peninsular Malaysia, KLK also ventured into Property Development and is well known for the development of Bandar Seri Coalfields in Sungai Buloh, Selangor.

BKB also has two subsidiaries in East Kalimantan, Indonesia which operate oil palm estates and a palm oil mill.

Aside from Plantation and resource-based manufacturing (oleochemicals), BKB has subsidiaries involved in the manufacture of industrial chemicals, mainly, chlor-alkali, sulphur-derivative products, polymers and coagulants. Its operations are situated in Lahat (Perak), Kemaman (Terengganu), Pasir Gudang (Johor), Shah Alam (Selangor), Bandar Baru Bangi (Selangor) and Sendayan (Negeri Sembilan). BKB's industrial chemicals arm also operates its own fleet of tankers which specialises in chemical transport. The Group, through its subsidiaries (i.e. Malay-Sino Chemical Industries Sendirian Berhad and Chemical Company of Malaysia Berhad) is currently the largest chlor-alkali producer in Malaysia.

In 2015, BKB ventured into property development investments in Australia through a wholly-owned subsidiary, Caruso Australia Ventures Pty Ltd. These development projects are situated in Melbourne and Perth, and are managed by established professional Australian property developers.

CHANGES IN SHARE CAPITAL

DATE	NO. OF SHARES	NATURE OF CHANGE	CUMULATIVE ISSUED SHARE CAPITAL
09.12.1965	3,000	Subscriber's shares	3,000
31.08.1971 to 28.01.1972	14,409,350	Issue of shares under a scheme of reconstruction	14,412,350
26.05.1972	2,142,857	Issue of shares to Glenealy Plantations (Malaya) Berhad at RM1.00 per share as consideration for the acquisition of Glenealy and Selborne Estates	16,555,207
21.06.1976	82,776,035	Bonus issue of five (5) for one (1)	99,331,242
19.02.1979	15,000,000	Bumiputera issue at RM1.10 per share	114,331,242
23.09.1980	4,168,758	Bumiputera issue at RM2.00 per share	118,500,000
30.04.1983	11,000,000	Bumiputera issue at RM2.75 per share	129,500,000
16.12.1989	64,750,000	Bonus Issue of one (1) for two (2)	194,250,000
02.04.1996	97,125,000	Bonus Issue of one (1) for two (2)	291,375,000
08.03.2007	144,576,000	Bonus Issue of one (1) for two (2)	435,951,000
24.02.2020	7,714,894	Issue of shares under Dividend Reinvestment Plan	443,665,894
04.06.2020	(44,130,431)	Cancellation of shares bought back	399,535,463

Corporate Information

BOARD OF DIRECTORS

TAN SRI DATO' SERI LEE OI HIAN
Non-Independent Non-Executive Chairman

DATO' LEE HAU HIAN
Managing Director

DATO' YEOH ENG KHOON
Non-Independent Non-Executive Director

MR. QUAH CHEK TIN
Non-Independent Non-Executive Director

DR. TUNKU ALINA BINTI RAJA MUHD ALIAS
Senior Independent Non-Executive Director

TAN SRI RASTAM BIN MOHD ISA
Independent Non-Executive Director

MR. LEE YUAN ZHANG
Non-Independent Non-Executive Director

MR. LIM BAN AIK
Independent Non-Executive Director

MS. SUSAN YUEN SU MIN
Independent Non-Executive Director

COMPANY SECRETARIES

Ms. Yap Miow Kien
Mr. Goh Swee Eng
Ms. Chiew Cindy

REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

Wisma Taiko,
No. 1, Jalan S.P. Seenivasagam,
30000 Ipoh,
Perak Darul Ridzuan, Malaysia
Tel : 605 - 240 8000
Fax : 605 - 240 8117
Email : *cosec@bkawan.com.my*
Website : *www.bkawan.com.my*

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : 603 – 7890 4700
Fax : 603 – 7890 4670
Email : *bsr.helpdesk@boardroomlimited.com*
Website : *www.boardroomlimited.com*

PLACE OF INCORPORATION AND DOMICILE

In Malaysia as a public limited liability company

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 1899
Stock Name : BKAWAN

AUDITORS

BDO PLT
Chartered Accountants

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
CIMB Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad

Profile of Directors

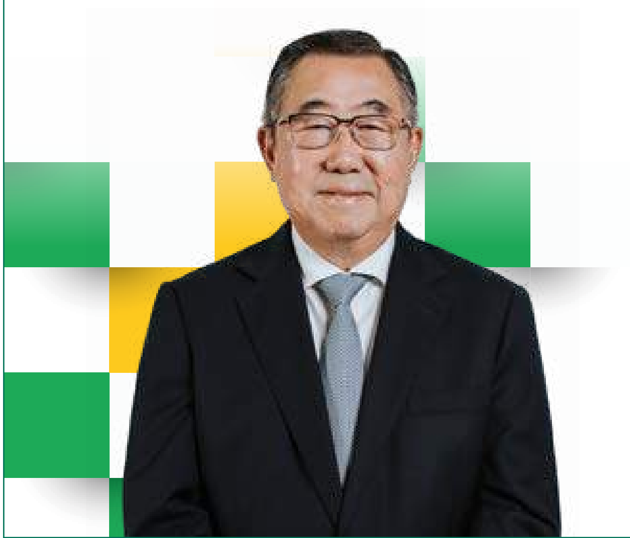
From left to right

Front Row	**1** **Dato' Lee Hau Hian** *Managing Director*	**2** **Tan Sri Dato' Seri Lee Oi Hian** *Non-Independent Non-Executive Chairman*	**3** **Dato' Yeoh Eng Khoon** *Non-Independent Non-Executive Director*
Back Row	**4** **Dr. Tunku Alina Binti Raja Muhd Alias** *Senior Independent Non-Executive Director*	**5** **Mr. Quah Chek Tin** *Non-Independent Non-Executive Director*	**6** **Mr. Lim Ban Aik** *Independent Non-Executive Director*
	7 **Mr. Lee Yuan Zhang** *Non-Independent Non-Executive Director*	**8** **Tan Sri Rastam Bin Mohd Isa** *Independent Non-Executive Director*	**9** **Ms. Susan Yuen Su Min** *Independent Non-Executive Director*

Profile of Directors (Continued)

Tan Sri Dato' Seri Lee Oi Hian

Non-Independent Non-Executive Chairman
Member of Nomination Committee
Member of Remuneration Committee



Age 71 | Gender Male | Nationality Malaysian

Tan Sri Lee joined the Board on 1 June 1979. He graduated with a Bachelor of Agricultural Science (Honours) degree from University of Malaya and obtained his Master in Business Administration from Harvard Business School.

Tan Sri Lee joined Kuala Lumpur Kepong Berhad ("**KLK**") in 1974 as an executive and was subsequently appointed to the KLK Board in 1985. In 1993, he was appointed as the KLK Group's Chairman/Chief Executive Officer ("**CEO**") and held the position until 2008, when he relinquished his role as Chairman, but remains as Executive Director and CEO of KLK Group.

Tan Sri Lee is the CEO of KLK, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Chairman of KLK Sawit Nusantara Berhad (formerly known as IJM Plantations Berhad) and serves as a member on the Board of Trustees of the Perdana Leadership Foundation, UTAR Education Foundation and Yayasan Wesley. He was formerly the Chairman of the Malaysian Palm Oil Council.

He is the brother of Dato' Lee Hau Hian [Batu Kawan Berhad ("**BKB**") Managing Director] and the uncle of Mr. Lee Yuan Zhang (a BKB Director). He is deemed connected with Wan Hin Investments Sdn Berhad which is the holding company of Arusha Enterprise Sdn Bhd, which are both major shareholders of BKB. He is also deemed interested in various related party transactions with the BKB Group.

Dato' Lee Hau Hian

Managing Director

Age 69 | Gender Male | Nationality Malaysian

Dato' Lee joined the Board on 20 December 1993. He graduated with a Bachelor of Science (Economics) degree from the London School of Economics and Political Science and has a Master in Business Administration from Stanford University.

Dato' Lee is a director of KLK, See Sen Chemical Berhad ("**See Sen**"), Chemical Company of Malaysia Berhad ("**CCM**") and Synthomer plc, a company listed on the London Stock Exchange. He is also the President of the Perak Chinese Maternity Association. He also serves as a member on the Board of Trustees of Yayasan De La Salle, Yayasan KLK and Tan Sri Lee Loy Seng Foundation.

He is the brother of Tan Sri Dato' Seri Lee Oi Hian (BKB Chairman) and the father of Mr. Lee Yuan Zhang. He is deemed connected with Wan Hin Investments Sdn Berhad which is the holding company of Arusha Enterprise Sdn Bhd, which are both major shareholders of BKB. He is deemed interested in various related party transactions with the BKB Group.

Profile of Directors (Continued)

Dato' Yeoh Eng Khoon

Non-Independent Non-Executive Director

Age 75 | Gender Male | Nationality Malaysian

Dato' Yeoh joined the Board on 24 February 2005.

He obtained his Bachelor of Arts (Honours) degree in Economics (Business Administration) from University of Malaya in 1968 and was called to the Bar of England and Wales at Lincoln's Inn in 1979.

He has previous work experience in banking, manufacturing and retail business.

He is also a director of KLK and See Sen.

He has no family relationship with any Director and/or major shareholder of BKB.

Mr. Quah Chek Tin

Non-Independent Non-Executive Director
Member of Audit and Risk Committee

Age 71 | Gender Male | Nationality Malaysian

Mr. Quah was appointed to the Board on 4 March 2010. He holds a Bachelor of Science (Honours) degree in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

He began his career with Coopers & Lybrand London, before returning to Malaysia. He joined the Genting Group in 1979 and has served in various positions within the group. He was the Executive Director of Genting Berhad as well as the Executive Director and Chief Operating Officer of Genting Malaysia Berhad prior to his retirement on 8 October 2006.

He sits on the Boards of Genting Malaysia Berhad, Genting Plantations Berhad and Paramount Corporation Bhd.

He has no family relationship with any Director and/or major shareholder of BKB.

Tan Sri Rastam Bin Mohd Isa

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Nomination Committee

Age **71** | Gender **Male** | Nationality **Malaysian**

Tan Sri Rastam joined the Board on 20 March 2017. He holds a Bachelor of Social Science (Honours) degree from Universiti Sains Malaysia, a Master of Arts degree in International Relations and Strategic Studies from University of Lancaster and a Certificate of Diplomacy from University of Oxford.

Tan Sri Rastam retired as Secretary General of the Ministry of Foreign Affairs on 2 September 2010. Prior to that, he was High Commissioner of Malaysia to Pakistan, Ambassador of Malaysia to Bosnia - Herzegovina and the Republic of Indonesia, and Permanent Representative of Malaysia to the United Nations in New York.

He was the Chairman and Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia, Chairman of the Malaysian National Committee for the Pacific Economic Cooperation Council and the Malaysian National Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP). He was also a Malaysian member of the Asia-Pacific Economic Cooperation Business Advisory Council - ABAC. He is an Executive Committee member of the Malaysia-Japan Economic Association (MAJECA).

He has no family relationship with any Director and/or major shareholder of BKB.

Dr. Tunku Alina Binti Raja Muhd Alias

Senior Independent Non-Executive Director
Chairman of Audit and Risk Committee

Age **59** | Gender **Female** | Nationality **Malaysian**

Dr. Tunku Alina was appointed to the Board on 20 April 2018. She holds a Bachelor of Laws (LL.B) degree from Universiti of Malaya, a Master in Law (LL.M) (Corporate and Commercial Law) from King's College, London and a PhD in Islamic Finance, International Centre for Education in Islamic Finance. She is an Advocate and Solicitor of the High Court of Malaya and an Associate Mediator of Singapore Mediation Centre.

Dr. Tunku Alina began her career as a Legal Assistant with Skrine & Co in February 1987. After working with Skrine & Co for five (5) years, she co-founded a legal firm, Wong Lu Peen & Tunku Alina, in April 1992 and served as the Managing Partner until December 2011. She remains a Consultant to the firm.

She sits on the Boards of IJM Corporation Berhad, Nestlé (Malaysia) Berhad and Malaysian Pacific Industries Berhad.

She has no family relationship with any Director and/or major shareholder of BKB.

Mr. Lee Yuan Zhang

Non-Independent Non-Executive Director
Member of Audit and Risk Committee

Age 36 | Gender **Male** | Nationality **Malaysian**

Mr. Lee Yuan Zhang was appointed to the Board on 1 March 2021. He holds a Bachelor of Government and Economics degree from the London School of Economics and Political Science, United Kingdom.

Mr. Lee is the Regional Director (Plantations) of KLK. He has been with the KLK Group since 2009. Prior to his current position, Mr. Lee has held senior positions in several Indonesia and Singapore subsidiaries of KLK, including President Director of a KLK subsidiary in Jakarta. He was also a Manager in a KLK subsidiary in Singapore, involved in marketing and trading of palm oil refined products and related logistic services.

He is the son of Dato' Lee Hau Hian and nephew of Tan Sri Dato' Seri Lee Oi Hian. Both Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are major shareholders of BKB.

Mr. Lim Ban Aik

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Remuneration Committee

Age 48 | Gender **Male** | Nationality **Malaysian**

Mr. Lim Ban Aik was appointed to the Board on 1 March 2021. He graduated with a Bachelor of Commerce (Accounting & Finance) degree from Monash University, Australia.

Mr. Lim was an International College (now known as Inti College) lecturer/tutor in 1998, and is now a director of his family-owned company and its subsidiaries, Heah Seok Yeong Realty Sdn Bhd ("**HSYR**") Group.

Mr. Lim has experience in managing the investments and plantation assets of HSYR Group. Prior to his current position as a director of HSYR Group, Mr. Lim started his career in HSYR as an Administrative Executive and he is currently actively involved with strategy planning, financial planning, advisory role and formulating directions for the HSYR Group.

He was the Honorary Secretary of Malaysian Estate Owner's Association from 2015 to 2020.

He has no family relationship with any Director and/or major shareholder of BKB.

Ms. Susan Yuen Su Min

Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit and Risk Committee

Age **63** | Gender **Female** | Nationality **Malaysian**

Ms. Susan Yuen Su Min was appointed to the Board on 1 March 2022. She graduated with a Bachelor Hons (Upper Class) Computer Science degree from University of London, United Kingdom.

Ms. Yuen has over 30 years of working experience in the banking industry and has served several banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad ("**NBAD**") where she was the Regional CEO Asia and Country CEO Malaysia from 2014 to 2018 prior to her retirement. Prior to joining NBAD, she served as the CEO of ANZ Banking Group in Hong Kong from 2008 to 2014.

Ms. Yuen serves as an Independent Director on boards of Alliance Bank Malaysia Berhad and Press Metal Aluminium Holdings Berhad. She is also a Director of Chubb Insurance Malaysia Berhad, a public company.

She has no family relationship with any Director and/or major shareholder of BKB.

Additional Information:

- Save as disclosed in the Profile of Directors, none of the Directors has:
  (i) any conflict of interest with BKB; and
  (ii) any directorship in public companies and listed issuers.
- None of the Directors of BKB has been convicted of any offence (other than traffic offences) within the past five (5) years and there was no public sanction and penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

Tan Sri Dato' Seri Lee Oi Hian

*Non-Independent Non-Executive Chairman of Batu Kawan Berhad ("**BKB**")*

*Chief Executive Officer of Subsidiary of BKB, Kuala Lumpur Kepong Berhad ("**KLK**")*

Age **71** | Gender **Male** | Nationality **Malaysian**

Tan Sri Lee was appointed as the Chairman/Chief Executive Officer of KLK Group in 1993 and held the position until 2008. On 1 May 2008, he relinquished his role as Chairman but has retained his position as Executive Director and Chief Executive Officer of KLK Group. The detailed profile of Tan Sri Lee is shown in the Profile of Directors.

Dato' Lee Hau Hian

Managing Director of BKB

Age **69** | Gender **Male** | Nationality **Malaysian**

Dato' Lee is the Managing Director of BKB since 20 December 1993. The detailed profile of Dato' Lee is shown in the Profile of Directors.

Mr. Lee Jia Zhang

Chief Operating Officer of Subsidiary of BKB, KLK

Age **39** | Gender **Male** | Nationality **Malaysian**

Mr. Lee Jia Zhang was appointed to the Board of KLK on 16 May 2018.

Mr. Lee holds a Masters degree in Chemical Engineering (MEng) (Hons) from Imperial College, United Kingdom. He is a Chartered Accountant and a Member of the Institute of Chartered Accountants Scotland (ICAS). He has also completed the Accelerated Development Programme from the University of Chicago Booth School of Business (Executive Education).

He began his career with Ernst & Young LLP, United Kingdom from 2006 to 2009 and thereafter with KPMG, Kuala Lumpur in 2009 both in audit. He then joined KLK Group in 2010 and has since held various positions in the Oleochemical and Corporate divisions. He started his career in KLK as a Senior Manager and is currently KLK Group Chief Operating Officer assisting the Chief Executive Officer to formulate, drive and execute operation strategies and determine the overall strategic direction of the KLK Group.

In his capacity as KLK Group Chief Operating Officer, Mr. Lee directs the daily conduct of the KLK Group's operations, management and administration across the KLK Group's business sectors. He also oversees several of the KLK Group's corporate functions and works with their Senior Management to create, implement and roll out operational processes, internal infrastructures, reporting systems and company policies. In addition, Mr. Lee was also appointed as the Chief Executive Officer of the KLK Group's Oleochemical Division on 1 April 2022.

Mr. Lee is the son of Tan Sri Dato' Seri Lee Oi Hian, the nephew of Dato' Lee Hau Hian and cousin of Mr. Lee Yuan Zhang. Tan Sri Dato' Seri Lee and Dato' Lee are major shareholders of BKB.

Profile of Key Senior Management (Continued)

Mr. Tan Chee Heng

Managing Director of Subsidiaries of BKB

Age 51 | Gender Male | Nationality Malaysian

Mr. Tan Chee Heng is the Managing Director of BKB's subsidiaries, Malay-Sino Chemical Industries Sendirian Berhad and See Sen Chemical Berhad since 2012, and the Executive Director of Chemical Company of Malaysia Berhad. He possesses a Chemical Engineering degree from University of Sheffield, United Kingdom.

He has worked in the chemical, gloves and food industries for more than 22 years in various areas including supply chain, production, and operation management, both locally and regionally. Prior to joining the BKB Group, he was the Associate Director – Global Sourcing of Ansell Services (Asia) Sendirian Berhad.

He has no family relationship with any Director and/or major shareholder of BKB.

Mr. Patrick Ng Hong Chuan

Group Plantations Director of Subsidiary of BKB, KLK

Age 48 | Gender Male | Nationality Malaysian

Mr. Patrick Ng holds a Bachelor of Engineering degree with Honours (Civil Engineering) from Universiti Sains Malaysia and awarded the 2006 British-Chevening (Malaysia) Scholarship to pursue his Master of Science in Imperial College (University of London) where he graduated with Distinction in Environmental Engineering and Sustainable Development. He also completed the Harvard Business School Online Program on Leadership Principles in 2021.

He is a Graduate Member of the Institution of Engineers Malaysia, Life Member of the International Society of Oil Palm Agronomist and a Member of the Incorporated Society of Planters.

Mr. Patrick Ng was appointed as the KLK Group Plantations Director on 1 October 2022. Prior to his appointment, he was the President Commissioner of KLK's subsidiaries in Indonesia. He joined KLK in May 2021 after serving as the Deputy Director of KLK's Associate Company, Applied Agriculture Resources Sdn. Bhd. ("**AAR**"). He was with AAR since 1998 overseeing Research and Development with emphasis on palm nutrition and agro-management practices.

He has no family relationship with any Director and/or major shareholder of BKB.

Profile of Key Senior Management (Continued)

Ms. Lee Wen Ling

Managing Director, Property Development of Subsidiary of BKB, KLK

Age **33** | Gender **Female** | Nationality **Malaysian**

Ms. Lee Wen Ling holds a degree in Economics from the University of Bristol, United Kingdom and joined KLK subsidiary, KLK Land Sdn Bhd ("**KLK Land**") in June 2012 as a Sales Executive. She worked her way up the ranks, and has been involved in overseeing the sales and marketing, business development, planning and implementation of KLK's property projects. She was the Deputy Managing Director of KLK Land before she was appointed as the Managing Director of KLK Land.

Ms. Lee is the daughter of Tan Sri Dato' Seri Lee Oi Hian, the niece of Dato' Lee Hau Hian and cousin of Mr. Lee Yuan Zhang. Tan Sri Dato' Seri Lee and Dato' Lee are major shareholders of BKB.

Mr. Goh Swee Eng

Chief Financial Officer and Joint Company Secretary of BKB

Age **50** | Gender **Male** | Nationality **Malaysian**

Mr Goh Swee Eng holds a Bachelor of Accountancy degree from University of Putra Malaysia. He is a fellow member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He joined BKB as a Chief Accountant on 16 July 2018.

Prior to joining BKB, he has more than 21 years of experience in auditing and finance functions. He began his career in PricewaterhouseCoopers, Kuala Lumpur and in later years joined the manufacturing, property development and telecommunication industries where he has held regional and senior managerial positions in finance, internal audit, corporate services and supply chain management functions.

He has no family relationship with any Director and/or major shareholder of BKB.

Additional Information:

- Save as disclosed above, none of the Key Senior Management has:
  - (i) any conflict of interest with BKB; and
  - (ii) any directorship in public companies and listed issuers.
- None of the above Key Senior Management of BKB has been convicted of any offence (other than traffic offences) within the past five (5) years and there was no public sanction and penalty imposed by the relevant regulatory bodies during the financial year.

FINANCIAL PERFORMANCE REVIEW

Batu Kawan Berhad ("**Company**" or "**BKB**") Group, which includes the results of its main subsidiary – Kuala Lumpur Kepong Berhad ("**KLK**"), reported revenue of RM28.22 billion (RM20.71 billion last year) for its 2022 Financial Year. The Group's pre-tax profit at RM3.44 billion is 12% higher than the RM3.08 billion reported last year. This is another record pre-tax profit due largely to stronger prices and higher sales volumes of palm products.

Last year's Group pre-tax profit had included non-operational gains of RM503.84 million, mainly from KLK's fair value surplus on deemed disposal of an associate, surplus on land sales and government land acquisitions. Excluding the said non-operational items, your Group's pre-tax profit for FY 2022 would have been 33% higher than last year's.

Net profit (after tax and non-controlling interests) attributable to BKB shareholders was therefore higher at RM1.17 billion compared to RM1.14 billion last year. Earnings per share ("**EPS**") increased marginally to 298.1 sen, compared to last year's 289.6 sen.

Accordingly, your Board has declared a final single-tier dividend of 90 sen per share ("**Final Dividend**") for this financial year, which including the interim dividend of 20 sen, constitutes a total dividend payout of 110 sen (2021: 110 sen) for the full year. This year's total dividends payout would be equivalent to some 37% (2021: 38%) of EPS.

During the financial year, a total of 1,070,000 BKB shares (2021: 3,256,700 BKB shares) were bought back under the Company's share buy-back programme at an average price of RM24.31 per share (2021: RM18.19 per share), thus increasing the number of shares held as Treasury shares to 5,973,600.

SUBSIDIARIES' PERFORMANCE

MAIN SUBSIDIARY – KLK

Due largely to higher palm product prices, an increase in Fresh Fruit Bunches ("**FFB**") production and higher oleochemical sales volumes during the year, KLK's revenue increased significantly to RM27.14 billion from RM19.91 billion last year.

KLK's pre-tax profit was 8% higher at RM3.21 billion against the RM2.97 billion achieved last year. Excluding last year's non-operational items of RM503.84 million, KLK's pre-tax profit this year would have been 30% higher than last year's adjusted pre-tax profit of RM2.46 billion. Net profit (after tax and non-controlling interests) attributable to KLK shareholders was slightly lower at RM2.16 billion compared to last year's RM2.25 billion, due to withholding tax payments on foreign dividends and interest income, and the impact of the one-off prosperity tax. EPS this year was 200.9 sen (2021: 209.3 sen).

With the higher commodity prices and higher FFB production, Plantation achieved pre-tax profit of RM2.12 billion or 57% higher than last year's RM1.35 billion. Additional higher profit contributions this year came from the recently acquired subsidiaries, i.e. KLK Sawit Nusantara Berhad ("**KSN**") (formerly known as IJM Plantations Berhad) and PT Pinang Witmas Sejati. In the previous financial year, the profit contribution of KSN was only for one month.

SUBSIDIARIES' PERFORMANCE (Continued)

MAIN SUBSIDIARY – KLK (Continued)

Effective from 1 October 2021, refineries and kernel crushing plant ("**processing**") operations, previously reported under the Plantation segment, are classified under Manufacturing to better reflect the performance of the upstream businesses. KLK's Oleochemical operations this year reported increased pre-tax profit of RM916.60 million, or 35% higher than last year's good profits of RM680.63 million, mainly contributed by all operations benefitting from significantly higher revenues and improved profit margins from the European operations. The processing operations however reported a lower profit due to unfavourable foreign exchange movements, losses by the Malaysian operations and lower profit from Indonesia operations, though the trading operations achieved higher profit.

On the back of marginally higher revenue of RM195.19 million (2021: RM195.07 million), Property profit was higher at RM71.58 million (2021: RM69.24 million), reflecting the higher percentage of phased housing completions in the Bandar Seri Coalfields ("**BSC**") township development at Sungai Buloh. During the year, Property segment launched 254 units of double-storey link houses at its new 202-acre Caledonia township in Ijok, Selangor, about 8 kilometers from BSC. As there is a slowdown in the overall property market, Management has taken steps to moderate the speed of development in line with market demand conditions.

INDUSTRIAL CHEMICAL SUBSIDIARIES

During the year, most prices of our chemical products were significantly higher and despite increased energy costs and raw material costs volatility, our Industrial Chemical division achieved record pre-tax profits of RM209.06 million, some 127% higher than RM91.99 million achieved last year. The profit increase came from our chlor-alkali companies, namely Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**") and Chemical Company of Malaysia Berhad ("**CCM**") (first acquired in December 2020). The latter contributed its first full year of profits compared to 9 months profit contribution last year.

The replacement of the oldest electrolysers at both Malay-Sino's Lahat and Kemaman plants with ones of newer technology and better operating efficiency is on-going and will be completed in the new year. This programme was somewhat delayed by the global logistics and supply chain disruptions arising from COVID-19 lockdowns in equipment suppliers' countries.

The reorganisation and integration initiatives at CCM taken during the year have had a meaningful impact on the company's performance post-acquisition. Its refurbished Plant 1 at CCM Chemicals' Pasir Gudang plant is now running at near full capacity after various equipment issues were resolved. In January 2022, the complex commissioned its co-generation power plant which enabled electricity costs savings.

CCM Polymers was affected by demand slowdown from the glove manufacturers which were impacted by the post-pandemic inventory de-stocking of their customers. Thus its pre-tax profit dropped 33% which also reflects the increase in raw material costs.

For See Sen Chemical Berhad, higher raw material and energy costs resulted in operating margins being squeezed, despite a 22% higher revenue. Subsequent falls in raw material prices, particularly for sulphur, has improved the business outlook for the new financial year.

PLANTATION SUBSIDIARIES (NON-KLK-OWNED)

BKB's 92%-owned plantation subsidiary, PT Satu Sembilan Delapan ("**SSD**") in Indonesia has 5,384 hectares mature oil palm and its own palm oil mill in Kalimantan Timur. With stronger palm oil prices, despite lower CPO sales volume, it achieved a 16% higher pre-tax profit (after inter-company loan interest) of RM34.44 million (2021: RM29.29 million). Planting commenced in November 2021 of the 959 hectares plantable area held by 90%-owned Indonesian subsidiary, PT Tekukur Indah, which owns 1,497 hectares of land adjacent to SSD's estate. As at the year-end, a total of 530 hectares oil palm have been planted with progress being delayed by wet weather. We aim to complete planting of the balance 429 hectares by first quarter of financial year 2023.

PROPERTY INVESTMENTS

BKB's Australian property investments now consist of ten (10) property development projects - eight (8) in Melbourne and two (2) in Perth, with our equity shares ranging between 10% to 50%. This includes a new residential development project situated in Tarneit, Melbourne, which we participated during the year. These projects are in various stages of development, most of them involving preparation and sale of subdivided housing plots, with varying years of project completion. For this year, we recorded a pre-tax profit (after interest) of RM10.71 million (2021: RM9.66 million), from these investments. The Hales development in Forrestfield, Perth, and True North in Greenvale, Melbourne were the main profit contributors.

OUTLOOK

CPO prices have softened since June 2022 while Group's Plantation segment will face the challenges of labour shortage and increased costs of fuel, fertilisers and agrochemicals. Thus the Group continues its on-going initiatives to strive for, where possible, more mechanisation and yield improvements.

For your Group's Manufacturing segment, we expect the Oleochemical and Industrial Chemical divisions to face headwinds in financial year 2023 coming from volatile raw material price movements, high energy costs and softening demand from weaker economic growth.

BOARD COMPOSITION

Your Board is pleased to welcome Ms. Susan Yuen Su Min in March 2022 as a new non-executive female director which enhances your Board's composition in diversity and skill sets. Ms. Susan has over 30 years of working experience in the banking industry having served with several banks including Maybank, HSBC Malaysia, ANZ Banking Group in Hong Kong, and her last executive position was as the CEO of National Bank of Abu Dhabi Malaysia Berhad.

APPRECIATION

Lastly, on your behalf, I thank my fellow Directors, Management and our Group employees for their continuing efforts in steering the organisation forward.

Tan Sri Dato' Seri Lee Oi Hian
Chairman
9 December 2022

KAJIAN PRESTASI KEWANGAN

Kumpulan Batu Kawan Berhad ("**Syarikat**" atau "**BKB**") yang turut merangkumi keputusan anak syarikat utamanya – Kuala Lumpur Kepong Berhad ("**KLK**"), melaporkan jumlah perolehan sebanyak RM28.22 bilion (RM20.71 bilion pada tahun lepas) bagi tahun kewangan 2022. Keuntungan sebelum cukai Kumpulan adalah pada RM3.44 bilion iaitu 12% lebih tinggi dari RM3.08 bilion yang dilaporkan pada tahun lepas. Ini merupakan satu lagi rekod keuntungan sebelum cukai sebahagian besar disebabkan oleh harga kukuh dan kadar jualan yang tinggi bagi produk kelapa sawit.

Keuntungan sebelum cukai Kumpulan pada tahun lepas termasuk keuntungan bukan operasi sebanyak RM503.84 juta yang sebahagian besarnya adalah daripada lebihan nilai saksama KLK yang dianggap sebagai pelupusan sesebuah syarikat bersekutu, lebihan ke atas jualan tanah dan pengambilan tanah oleh kerajaan. Tidak termasuk keuntungan bukan operasi ini, keuntungan sebelum cukai Kumpulan anda pada tahun ini sepatutnya 33% lebih tinggi dari tahun lepas.

Untung bersih (selepas cukai dan kepentingan bukan kawalan) yang boleh diagihkan kepada pemegang saham BKB adalah lebih tinggi iaitu pada RM1.17 bilion berbanding RM1.14 bilion pada tahun lepas. Pemerolehan sesaham ("**EPS**") meningkat sedikit kepada 298.1 sen berbanding 289.6 sen pada tahun lepas.

Oleh yang demikian, Lembaga Pengarah anda telah mengisytiharkan dividen akhir peringkat tunggal berjumlah 90 sen sesaham ("**Dividen Akhir**") bagi tahun kewangan ini, yang termasuk dividen interim sebanyak 20 sen, membuatkan jumlah keseluruhan pembayaran dividen adalah sebanyak 110 sen (2021:110 sen) bagi keseluruhan tahun. Jumlah keseluruhan bagi pembayaran dividen pada tahun ini adalah bersamaan dengan 37% (2021:38%) dari EPS.

Sepanjang tahun kewangan, jumlah keseluruhan saham BKB sebanyak 1,070,000 (2021:3,256,700 saham BKB) telah dibeli semula dibawah program pembelian balik saham Syarikat pada harga purata iaitu RM24.31 sesaham (2021: RM18.19 sesaham), sekali gus meningkatkan bilangan saham yang dipegang sebagai saham Perbendaharaan kepada 5,973,600.

PRESTASI ANAK-ANAK SYARIKAT / SUBSIDIARI

ANAK SYARIKAT UTAMA – KLK

Disebabkan harga produk kelapa sawit yang lebih tinggi, peningkatan dalam pengeluaran FFB dan peningkatan jualan oleokimia pada tahun semasa, perolehan KLK meningkat dengan ketara sebanyak RM27.14 bilion daripada RM19.91 bilion pada tahun lepas.

Keuntungan sebelum cukai KLK adalah 8% lebih tinggi pada RM3.21 bilion berbanding pencapaian RM2.97 bilion pada tahun lepas. Tidak termasuk keuntungan bukan operasi sebanyak RM503.84 juta pada tahun lepas, keuntungan sebelum cukai KLK seharusnya 30% lebih tinggi daripada keuntungan sebelum cukai yang telah diselaraskan iaitu RM2.46 bilion pada tahun lepas. Untung bersih (selepas cukai dan kepentingan bukan kawalan) yang diagihkan kepada pemegang saham KLK adalah sedikit rendah iaitu pada RM2.16 bilion berbanding RM2.25 bilion pada tahun lepas disebabkan oleh pembayaran cukai pegangan ke atas dividen asing dan pendapatan faedah, serta kesan daripada pembayaran cukai makmur. EPS pada tahun ini adalah 200.9 sen (2021:209.3 sen).

Dengan harga komoditi dan pengeluaran FFB yang lebih tinggi, segmen Perladangan berjaya mencapai keuntungan sebelum cukai sebanyak RM2.12 bilion atau 57% lebih tinggi berbanding RM1.35 bilion pada tahun lepas. Tambahan sumbangan keuntungan yang lebih tinggi pada tahun ini adalah disumbangkan daripada anak syarikat yang baru diambil alih, iaitu KLK Sawit Nusantara Berhad ("**KSN**") (sebelum ini dikenali sebagai IJM Plantations Berhad) dan PT Pinang Witmas Sejati. Pada tahun kewangan yang lalu, sumbangan keuntungan daripada KSN hanya untuk satu bulan sahaja.

Berkuatkuasa mulai 1 Oktober 2021, operasi kilang penapisan dan penghancuran isirong ("**pemprosesan**"), sebelum ini dilaporkan di bawah segmen Perladangan, telah diklasifikasikan di bawah segmen Perkilangan untuk pengambaran yang lebih baik bagi prestasi perniagaan huluan. Operasi Oleokimia KLK pada tahun ini melaporkan peningkatan keuntungan sebelum cukai sebanyak RM916.60 juta atau 35% lebih tinggi dari keuntungan yang baik sebanyak RM680.63 juta pada tahun lepas, terutamanya disumbangkan oleh semua operasi yang mendapat manfaat daripada perolehan yang lebih tinggi dan margin keuntungan yang lebih baik daripada operasi di Eropah. Operasi pemprosesan bagaimananpun dilaporkan mendapat keuntungan yang lebih rendah disebabkan oleh pergerakan pertukaran wang asing yang tidak memberangsangkan, kerugian oleh operasi Malaysia dan keuntungan yang lebih rendah daripada operasi di Indonesia, walaupun operasi perdagangan mencapai keuntungan yang lebih tinggi.

PRESTASI ANAK-ANAK SYARIKAT / SUBSIDIARI (Sambungan)

ANAK SYARIKAT UTAMA – KLK (Sambungan)

Di sebalik perolehan yang lebih tinggi sebanyak RM195.19 juta (2021:RM195.07 juta), keuntungan hartanah adalah lebih tinggi pada RM71.58 juta (2021:RM69.24 juta), mencerminkan peratusan penyiapan fasa perumahan yang lebih tinggi di kawasan pembangunan Bandar Seri Coalfields ("**BSC**") di Sungai Buloh. Pada tahun ini, segmen hartanah telah melancarkan 254 unit rumah teres dua tingkat di kawasan baru pembangunan Caledonia seluas 202 ekar di Ijok, Selangor, kira-kira 8 kilometer dari BSC. Memandangkan pasaran hartanah yang lembap secara keseluruhan, pihak Pengurusan telah mengambil langkah untuk memperlahankan sedikit arus pembangunan selaras dengan keadaan permintaan pasaran.

ANAK-ANAK SYARIKAT KIMIA INDUSTRI

Sepanjang tahun ini, kebanyakan dari harga produk kimia kami berada pada tahap lebih tinggi walaupun kos tenaga meningkat dan kos bahan mentah yang tidak menentu, bahagian kimia industri kami mencapai rekod keuntungan sebelum cukai sebanyak RM209.06 juta, kira-kira 127% lebih tinggi daripada RM91.99 juta yang dicapai pada tahun lepas. Peningkatan keuntungan ini datang daripada syarikat klor-alkali kami, iaitu Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**") dan Chemical Company of Malaysia Berhad ("**CCM**") (pertama kali diambil alih pada Disember 2020). CCM menyumbangkan keuntungan sepenuh tahun pertamanya berbanding sumbangan keuntungan 9 bulan pada tahun lepas.

Penggantian elektrolisis yang paling usang di kedua-dua loji Malay-Sino di Lahat dan Kemaman dengan teknologi yang lebih baru dan kecekapan operasi yang lebih baik sedang dijalankan dan akan disiapkan pada tahun hadapan. Program ini sedikit tertangguh disebabkan oleh gangguan logistik antarabangsa dan rantaian bekalan yang timbul hasil daripada penutupan COVID-19 di negara pembekal peralatan.

Inisiatif penyusunan semula dan penyepaduan di CCM yang dilaksanakan pada tahun ini telah memberi kesan yang sangat bermakna pada prestasi syarikat selepas pengambilalihan. Loji 1 yang telah diperbaharui di kilang CCM Chemicals Pasir Gudang kini beroperasi pada kapasiti yang hampir penuh selepas pelbagai masalah peralatan diselesaikan. Pada Januari 2022, kompleks itu telah memulakan loji penjanaan kuasa yang berupaya menjimatkan kos elektrik.

CCM Polymers terjejas disebabkan oleh permintaan yang rendah daripada pengeluar sarung tangan disebabkan oleh kesan penyahstokan inventori selepas wabak oleh pelanggan mereka. Oleh itu, keuntungan sebelum cukai turun 33% yang juga mencerminkan peningkatan dalam kos bahan mentah.

Bagi See Sen Chemical Berhad pula, peningkatan kos bahan mentah dan kos tenaga menyebabkan margin operasi susut, meskipun perolehan 22% lebih tinggi. Berikutan kejatuhan harga bahan mentah kebelakangan ini, terutamanya untuk sulfur, ia telah meningkatkan prospek perniagaan untuk tahun kewangan baharu.

ANAK-ANAK SYARIKAT PERLADANGAN (BUKAN MILIKAN KLK)

Anak syarikat perladangan dengan 92% pemilikan BKB, PT Satu Sembilan Delapan ("SSD") di Indonesia mempunyai 5,384 hektar kelapa sawit matang dan kilang kelapa sawit sendiri di Kalimantan Timur. Dengan harga minyak kelapa sawit yang lebih kukuh, walaupun jumlah jualan CPO rendah, ia mencapai 16% lebih tinggi keuntungan sebelum cukai (selepas faedah pinjaman antara syarikat) sebanyak RM34.44 juta (2021:RM29.9 juta). Penanaman telah bermula pada November 2021 untuk kawasan tanaman seluas 959 hektar yang dipegang oleh anak syarikat 90% pemilikan Kumpulan anda, PT Tekukur Indah yang memiliki 1,497 hektar tanah yang bersebelahan dengan ladang SSD. Sehingga akhir tahun ini, sejumlah 530 hektar kelapa sawit telah ditanam tetapi tahap perkembangannya telah tertangguh disebabkan oleh cuaca lembab. Kami menyasarkan untuk menyelesaikan penanaman yang berbaki 429 hektar menjelang suku pertama tahun kewangan 2023.

PELABURAN HARTANAH

Pelaburan hartanah Australia BKB kini terdiri daripada sepuluh (10) projek pembangunan hartanah – lapan (8) di Melbourne dan dua (2) di Perth, dengan bahagian ekuiti kami antara 10% hingga 50%. Ini termasuk projek pembangunan kediaman yang baharu yang terletak di Tarneit, Melbourne, yang kami sertai pada tahun ini. Projek-projek ini berada dalam pelbagai peringkat pembangunan, kebanyakannya melibatkan penyediaan dan penjualan plot perumahan yang dipecah bahagi dengan tahun penyiapan projek yang berbeza-beza. Bagi tahun ini, kami mencatatkan keuntungan sebelum cukai (selepas faedah) sebanyak RM10.71 juta (2021:RM9.66 juta) daripada pelaburan ini. Pembangunan The Hales di Forrestfield, Perth, dan True North di Greenvale, Melbourne merupakan penyumbang keuntungan yang utama.

TINJAUAN

Harga CPO telah menurun semenjak Jun 2022 sementara segmen Perladangan Kumpulan akan menghadapi cabaran berkaitan dengan kekurangan tenaga kerja dan peningkatan kos bahan api, baja dan agrokimia. Oleh itu, Kumpulan akan menjalankan pelbagai inisiatif secara berterusan untuk mengatasi sebarang cabaran, yang mana boleh, lebih banyak mekanisasi dan penambahbaikan hasil.

Bagi segmen Perkilangan Kumpulan anda, kami menjangkakan bahagian Oleokimia dan Kimia Industri akan menghadapi pergolakan pada tahun kewangan 2023 berikutan pergerakan harga bahan mentah yang tidak menentu, kos tenaga yang tinggi dan kemerosotan permintaan akibat daripada pertumbuhan ekonomi yang lemah.

BARISAN LEMBAGA PENGARAH

Lembaga Pengarah anda dengan berbesar hati mengalu-alukan Cik Susan Yuen Su Min sebagai Pengarah Bukan Eksekutif wanita yang baharu pada Mac 2022 bagi mempertingkatkan barisan lembaga pengarah dari segi kepelbagaian dan set kemahiran. Cik Susan memiliki 30 tahun pengalaman kerja di dalam industri perbankan dimana beliau pernah memegang jawatan di beberapa institusi kewangan termasuk Maybank, HSBC Malaysia, Kumpulan ANZ Banking di Hong Kong dan jawatan terakhirnya adalah selaku Ketua Pegawai Eksekutif di National Bank of Abu Dhabi Malaysia Berhad.

PENGHARGAAN

Akhir sekali, bagi pihak anda, saya ingin mengucapkan terima kasih kepada barisan para Pengarah, Pengurusan dan kakitangan Kumpulan kami atas usaha yang berterusan mereka kemudi organisasi ke hadapan.

Tan Sri Dato' Seri Lee Oi Hian
Pengerusi
9 Disember 2022

Group Statistics

Five-Year Group Financial Statistics

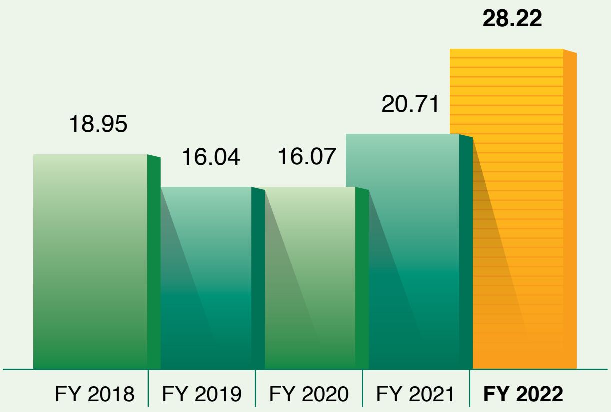
	2022 RM'000 MFRS	2021 RM'000 MFRS	2020 RM'000 MFRS	2019 RM'000 MFRS	2018 RM'000 MFRS
Revenue	**28,223,929**	20,717,928	16,078,124	16,045,591	18,953,236
Profit before taxation	**3,445,078**	3,086,006	1,264,664	929,312	1,116,090
Profit for the year	**2,584,226**	2,539,584	914,435	727,441	749,803
Profit attributable to equity holders of the Company	**1,174,346**	1,146,934	417,275	363,499	365,682
Total assets	**32,361,608**	29,869,067	22,334,826	21,824,464	20,301,174
Share capital	**507,587**	507,587	507,587	435,951	435,951
Treasury shares	**(109,400)**	(83,334)	(23,957)	(623,059)	(491,740)
Reserves	**7,268,999**	5,906,031	5,393,300	5,850,081	6,137,589
Total equity attributable to equity holders of the Company	**7,667,186**	6,330,284	5,876,930	5,662,973	6,081,800
Non-controlling interests	**9,264,281**	8,621,107	6,744,349	6,457,280	6,836,872
Total equity	**16,931,467**	14,951,391	12,621,279	12,120,253	12,918,672
Total liabilities	**15,430,141**	14,917,676	9,713,547	9,704,211	7,382,502
Total equity and liabilities	**32,361,608**	29,869,067	22,334,826	21,824,464	20,301,174
Cash & cash equivalents and Short term funds	**3,469,520**	3,782,671	4,333,636	4,230,370	2,048,811
Total borrowings	**10,406,667**	9,624,912	6,921,290	7,023,835	4,783,213
Net debt	**6,937,147**	5,842,241	2,587,654	2,793,465	2,734,402
Basic earnings per share (sen)	**298.1**	289.6	105.3	91.7	91.1
Dividend per share (sen)	**110.0**	110.0	55.0	60.0	55.0
Share price as at 30 September (RM)	**20.00**	20.80	15.06	15.68	17.00
Historical price earnings ratio (times)	**6.7**	7.2	14.3	17.1	18.7
Dividend yield (%) [1]	**5.5**	5.3	3.6	3.8	3.2
Dividend cover (times) [2]	**2.7**	2.6	1.9	1.5	1.7
Dividend payout ratio (%) [3]	**36.9**	38.0	52.2	65.4	60.4
Net assets per share attributable to equity holders of the Company (RM)	**19.48**	16.04	14.77	14.43	15.19
Return on shareholders' equity (%) [4]	**15.3**	18.1	7.1	6.4	6.0
Return on total assets (%) [5]	**8.0**	8.5	4.1	3.3	3.7
Net debt-to-equity ratio (times) [6]	**0.41**	0.39	0.21	0.23	0.21
Funds from operations ("**FFO**") net debt coverage ratio (times) [7]	**0.57**	0.50	0.68	0.50	0.63

[1] Based on Dividend per Share expressed as a percentage of BKB's Share Price as at 30 September
[2] Calculated as Basic Earnings per Share divided by Dividend per Share
[3] Based on Dividend per Share expressed as a percentage of Basic Earnings per Share
[4] Based on Profit Attributable to Equity Holders expressed as a percentage of Total Equity Attributable to Equity Holders
[5] Based on Profit for the year expressed as a percentage of Total Assets
[6] Based on Net Debt (being Total Borrowings less Cash & Cash Equivalents and Short Term Funds) divided by Total Equity
[7] Based on FFO (being Operating Profit/(Loss) before Working Capital Changes less Tax Paid) divided by Net Debt (being Total Borrowings less Cash & Cash Equivalents and Short Term funds)

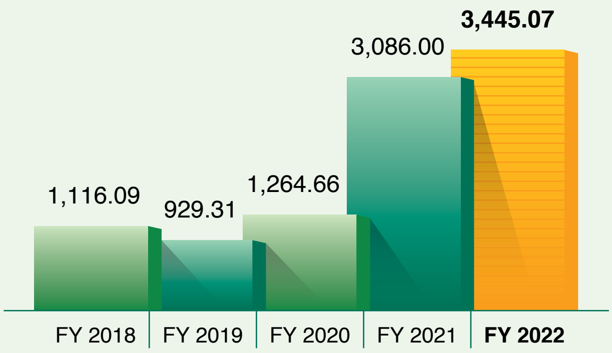
Group Statistics (Continued)

Performance at a Glance

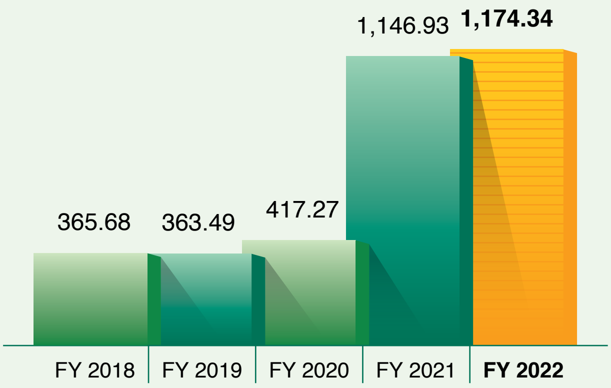
Revenue (in RM'bil)



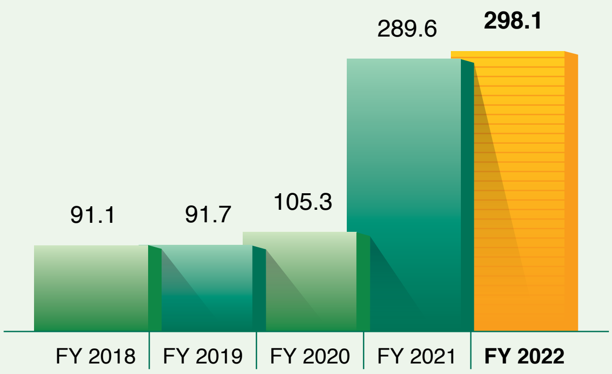
Profit Before Taxation (in RM'mil)



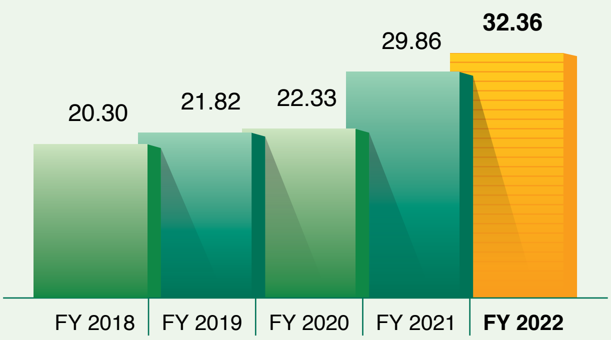
Profit Attributable to Equity Holders (in RM'mil)



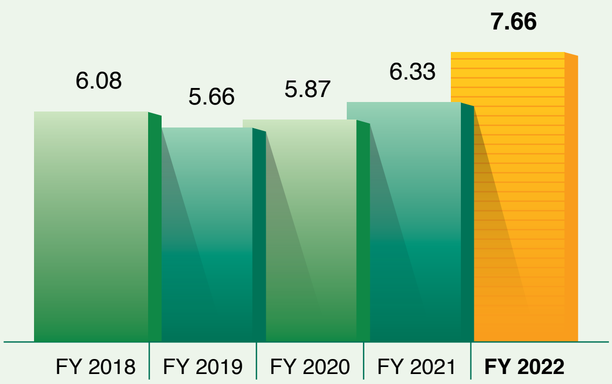
Earnings per Share (in sen)



Total Assets (in RM'bil)



Equity Attributable to Equity Holders (in RM'bil)



Group Statistics (Continued)

Five-Year Plantation Statistics

The below Five-year Plantation Statistics is a combination of KLK and non-KLK owned plantations.

		2022	2021	2020	2019	2018
OIL PALM						
FFB Production						
- Own estates	(mt)	**5,111,602**	4,070,230*	4,052,560	4,219,104	4,045,126
- Sold	(mt)	**237,157**	115,671	75,428	143,245	140,572
- Purchased	(mt)	**1,028,215**	905,289	827,710	840,001	894,992
- Total processed	(mt)	**5,902,660**	4,859,848	4,804,842	4,915,860	4,799,546
Weighted Average Hectarage						
- Mature	(ha)	**258,741**	189,655	183,946	188,492	186,886
- Immature	(ha)	**35,589**	37,704	28,111	29,992	25,592
Total Planted	(ha)	**294,330**	227,359	212,057	218,484	212,478
FFB Yield per Mature Hectare	(mt/ha)	**19.76**	21.46	22.03	22.38	21.64
CPO Yield per Mature Hectare	(mt/ha)	**4.21**	4.66	4.82	4.90	4.73
Mill Production						
- CPO	(mt)	**1,256,774**	1,053,729	1,049,890	1,077,341	1,050,164
- PK	(mt)	**248,794**	200,448	200,594	205,201	208,339
Oil Extraction Rate						
- CPO	(%)	**21.29**	21.68	21.85	21.92	21.88
- PK	(%)	**4.21**	4.12	4.17	4.17	4.34
Cost of Production						
- FFB	(RM/mt ex-estate)	**336**	270	261	260	245
- CPO	(RM/mt ex-mill)	**1,953**	1,512	1,467	1,456	1,371
(exclude windfall profit levy and Sabah sales tax)						
Average Selling Prices						
- CPO	(RM/mt ex-mill)	**4,214**	3,199	2,343	1,920	2,333
- PK	(RM/mt ex-mill)	**2,971**	2,130	1,375	1,210	1,957
Average Profit per Mature Hectare	(RM)	**8,593**	7,312	3,539	1,834	4,766

* Includes one month of KLK Sawit Nusantara Berhad (formerly known as IJM Plantations Berhad) production of 99,049 mt.

Group Statistics (Continued)

Five-Year Plantation Statistics (Continued)

		2022	2021	2020	2019	2018
RUBBER						
Production						
- Own estates	('000 kg)	**6,162**	8,105	10,354	10,786	10,807
Weighted Average Hectarage						
- Mature	(ha)	**6,024**	7,017	8,061	8,640	9,047
- Immature	(ha)	**2,617**	2,795	3,115	3,243	3,367
Total Planted	(ha)	**8,641**	9,812	11,176	11,883	12,414
Yield per Mature Hectare	(kg/ha)	**1,023**	1,155	1,284	1,248	1,194
Cost of Production	(sen/kg ex-estate)	**693**	574	476	484	467
Average Selling Prices (net of cess)	(sen/kg)	**928**	848	720	713	803
Average (Loss)/Profit per Mature Hectare	(RM)	**(1,053)**	1,173	(486)	(233)	(868)

Plantation Area Statement

		FY 2022			FY 2021		
	Age In Years	Hectares	% Under Crop	% of Total Planted Area	Hectares	% Under Crop	% of Total Planted Area
OIL PALM	4 to 9	**64,206**	**22**		68,452	24	
	10 to 18	**122,266**	**41**		106,330	38	
	19 and above	**72,782**	**25**		66,185	24	
	Mature	**259,254**	**88**	**85**	240,967	86	83
	Immature	**36,310**	**12**	**12**	39,454	14	14
	Total	**295,564**	**100**	**97**	280,421	100	97
RUBBER	6 to 10	**288**	**3**		348	4	
	11 to 15	**1,717**	**21**		1,856	21	
	16 to 20	**1,835**	**22**		1,825	21	
	21 and above	**1,929**	**23**		2,060	24	
	Mature	**5,769**	**69**	**2**	6,089	70	2
	Immature	**2,564**	**31**	**1**	2,625	30	1
	Total	**8,333**	**100**	**3**	8,714	100	3
TOTAL PLANTED		**303,897**		**100**	289,135		100
Plantable Reserves		**18,297**			19,394		
Conservation Areas		**28,231**			34,767		
Building Sites, etc		**12,285**			12,247		
GRAND TOTAL		**362,710**			355,543		

Management Discussion and Analysis

OVERVIEW

BKB is listed on the Main Board of Bursa Malaysia and through its subsidiaries, is mainly involved in plantations, manufacture of oleochemicals and industrial chemicals, property development and investment activities.

Due largely to higher selling prices and higher sales volumes of palm products, BKB Group achieve another record profit before tax of RM3.44 billion for FY 2022 (last year: RM3.08 billion) from 36% higher revenue of RM28.22 billion (last year: RM20.71 billion). Accordingly, our after-tax profit attributable to shareholders was RM1.17 billion or 3% higher (last year: RM1.14 billion). Earnings per share ("**EPS**") was marginally higher at 298.1 sen (last year: 289.6 sen).

As at 30 September 2022, the Group's total assets increased by 8% to RM32.36 billion from last year's RM29.86 billion while net assets attributable to equity holders of the Company was RM7.66 billion (last year: RM6.33 billion) or 21% higher, translating to net assets per share of RM19.48 (last year: RM16.04). Despite 3% higher after-tax profit attributable to shareholders, return on shareholders' equity was lower at 15.3% (last year: 18.1%) due to equity attributable to owners of the Company was enlarged during the year on account of KLK's acquisitions of KLK Sawit Nusantara Berhad ("**KSN**") (formerly known as IJM Plantations Berhad) and PT Pinang Witmas Sejati ("**PWS**").

The Group's net debt-to-equity ratio was higher at 0.41 times as compared to last year's 0.39 times due to increased borrowings arising from the acquisitions of Chemical Company of Malaysia Berhad ("**CCM**"), KSN and PWS.

In respect of FY 2022, BKB declared total single-tier dividend per share of 110.0 sen (last year: 111.0 sen) which would be equivalent to some 37% (2021: 38%) of EPS.

FY 2022 FINANCIAL HIGHLIGHTS

GROUP PROFIT BEFORE TAX
12%
RM 3.44b
(FY 2021: RM3.08b)

GROUP REVENUE
36%
RM 28.22b
(FY 2021: RM20.71b)

EARNINGS PER SHARE
3%
298.1 sen
(FY 2021: 289.6 sen)

TOTAL ASSETS
8%
RM 32.36b
(FY 2021: RM29.86b)

NET ASSETS*
21%
RM 7.66b
(FY 2021: RM6.33b)

NET ASSETS PER SHARE*
21%
RM19.48
(FY 2021: RM16.04)

RETURN ON SHAREHOLDERS' EQUITY
15%
15.3%
(FY 2021: 18.1%)

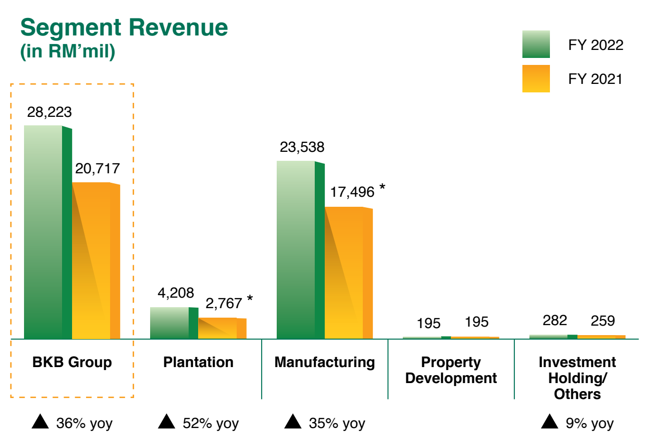
NET DEBT-TO-EQUITY RATIO
5%
0.41 times
(FY 2021: 0.39 times)

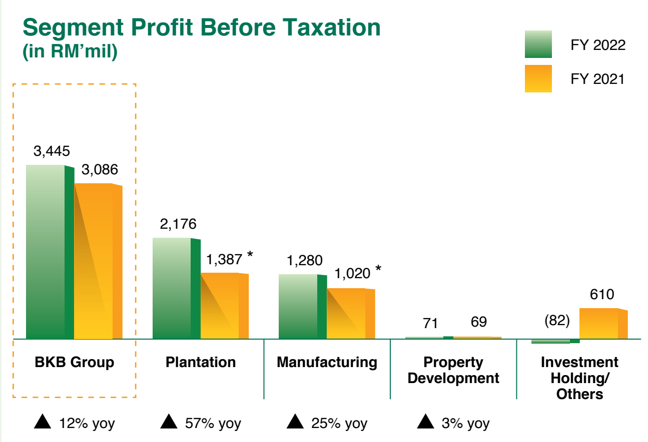
DIVIDENDS PER SHARE
Unchanged
110.0 sen
(FY 2021: 110.0 sen)

*Refers to Net Assets attributable to equity holders of the Company

FINANCIAL REVIEW

Revenue & Profitability





* *Effective from 1 October 2021, refineries and kernel crushing operations were reclassified from Plantation to Manufacturing segment to better reflect the performance of the upstream business. Comparative figures have been restated to conform with the current year's classification.*

For FY 2022, the Group's revenue improved significantly by 36% y-o-y to RM28.22 billion largely from stronger palm products prices, an increase in fresh fruit bunches ("**FFB**") production and higher oleochemical sales volumes.

The significant jump in Plantation segment's profit includes the results of BKB's main subsidiary, KLK – one of Malaysia's largest palm oil producers. Average selling prices surged 32% to RM4,214 per mt for Crude Palm Oil ("**CPO**"), while Palm Kernel ("**PK**") jumped 39% to RM2,971 per mt y-o-y. Prices remained high in FY 2022 due to global supply chain disruptions, the Russian invasion of Ukraine which impacted supply of some edible oils and the Indonesian government's export restrictions which boosted prices for a short period.

The Group's Manufacturing segment broke new ground with 25% higher pre-tax profit. All the Oleochemical business units performed well, despite a slowdown in demand in the second half of the year. Our Industrial Chemical businesses benefited from higher selling prices on most products, particularly caustic soda.

The Property Development segment continues to contribute steady profits from progressive completion of development phases in Bandar Seri Coalfields ("**BSC**") in Sungai Buloh. During the year, KLK's Property newly launched 254 units of double-storey link houses at their Caledonia new township development in Ijok, about 8 kilometers from BSC.

The Group reported Profit Before Taxation ("**PBT**") of RM3.44 billion for FY 2022, 12% higher y-o-y mainly from the Plantation (63% vs 45%) and Manufacturing segments (37% vs 33%). The prior year's Group results included a fair value surplus of RM324.26 million on deemed disposal of an associate, Aura Muhibah Sdn Bhd, a RM162.64 million surplus on sales of land and government acquisitions, a RM61.88 million impairment for Palm Bay estate in Liberia, unrealised foreign exchange currency translation gains of RM63.28 million, a RM12.61 million fair value surplus on an ordinary investment which was previously an associate, and a negative goodwill of RM2.94 million arising from the acquisition of Aura Muhibah Sdn Bhd. Excluding the said non-operational items, the Group's PBT for FY 2022 would have been 33% higher than the previous year.

FINANCIAL REVIEW (Continued)

Borrowings & Cash Reserve

As at 30 September 2022, the Group's net debts increased to RM6.93 billion (FY 2021: RM5.84 billion) reflecting increased working capital requirements and the acquisitions of CCM, KSN and PWS. During the year, BKB and KLK have issued RM500.00 million and RM2.00 billion worth of Islamic Medium Term Notes ("**Sukuk**") respectively while KLK redeemed its RM1.00 billion Sukuk issue that matured in September 2022. The Group's net gearing deteriorated to 0.41 times (FY 2021: 0.39 times) as at 30 September 2022. Going forward, BKB's leverage position is likely to gradually improve after the redemption of BKB's RM500.00 million Sukuk Musharakah that will mature on 8 June 2023. Despite an enlarged debt load from the acquisitions of CCM and KSN in FY 2021, and PWS in early FY 2022, our funds from operations ("**FFO**") net debt coverage ratio stayed solid at 0.57 times in FY 2022 (FY 2021: 0.50 times), thanks to the robust CPO prices. Approximately 60% of borrowings (or some RM6.60 billion) are Sukuks issued by BKB and KLK, all of which carry an AA1/Stable rating.

We are cognisant of the gearing level and aim to maintain a sound liquidity position, backed by sustainable cashflows from operations. With strong cash holdings of some RM3.46 billion, the Group is confident of its ability to support future business growth plans and strategies.

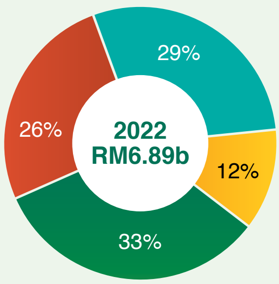
Dividends

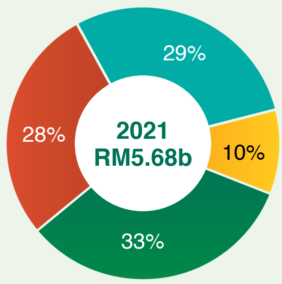
BKB is committed to paying annual dividends and has established a healthy payment track record over the years. For FY 2022, the Board has declared a final, single-tier dividend of 90 sen per share, bringing the full-year ordinary dividends to 110 sen per share (FY 2021: 110 sen per share), representing a 37% payout ratio (FY 2021: 38%).

GROUP VALUE-ADDED STATEMENT

This is a measure of the value created by the Group and its distribution to stakeholders, with the balance retained for reinvestment and future growth.

	2022 RM'000	2021 RM'000
Value Added		
Revenue	28,223,929	20,717,928
Operating expenses	(22,048,794)	(16,224,431)
Value added from operations	6,175,135	4,493,497
Other operating income	519,890	863,139
Share of results of associates	148,303	292,956
Share of results of joint ventures	50,666	39,865
Total	**6,893,994**	**5,689,457**
Value Distributed		
To employees (salaries and other staff cost)	2,015,285	1,627,156
To government (income taxes)	860,852	546,422
To providers of capital:		
Dividends	433,400	237,501
Finance cost	397,207	266,363
Non-controlling interest	1,409,880	1,392,650
Retained for future reinvestment & growth:		
Depreciation and amortisation	1,036,424	709,932
Retained profits	740,946	909,433
Total	**6,893,994**	**5,689,457**
Reconciliation		
Profit attributable to owners of the Company	1,174,346	1,146,934
Add:		
Depreciation and amortisation	1,036,424	709,932
Finance cost	397,207	266,363
Staff cost	2,015,285	1,627,156
Income taxes	860,852	546,422
Non-controlling interest	1,409,880	1,392,650
	6,893,994	**5,689,457**





Note: The Group Value-Added Statement ("**VAS**") is a supplement to and not a substitute to the Profit & Loss statement. The same data which is recorded and processed by the Group's accounting system is used in the preparation of VAS. The basic accounting concepts and principles of accounting remain the same in the preparation of this VAS.

REVIEW OF BUSINESS & OPERATIONS

Plantation

Except for two Indonesian plantation subsidiaries, the Group's oil palm plantations and downstream resource-based manufacturing operations are owned by KLK – one of Malaysia's largest palm oil producers.

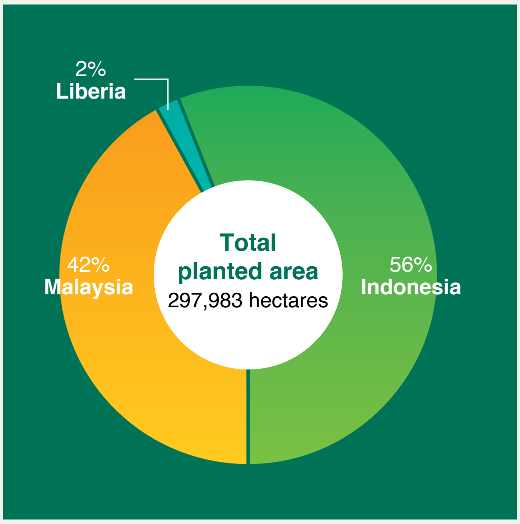
Main Subsidiary - KLK

KLK's core Plantation business has close to 298,000 hectares of planted area as at 30 September 2022 – spread across Malaysia (Peninsular Malaysia and Sabah), Indonesia (Belitung Island, Kalimantan and Sumatra) and Liberia. Its recent acquisitions of KSN and PWS have increased the Group's total planted landbank with 61,000 hectares of oil palm areas from KSN located in Sabah and Indonesia (North and East Kalimantan and Sumatra), and 14,000 hectares of planted oil palm land in Sumatra via a 60% equity interest in PWS.

From the onset of the year, commodities markets across the world have witnessed rallies. CPO prices reached above RM8,000 per mt for a short period as edible oil supply tightened further when Russia invaded Ukraine in February 2022. Due to high CPO price affecting the cost-of-living, the Indonesian government sought to restrict exports temporarily which led to wildly volatile palm oil prices over the period. By end July 2022, CPO prices on Bursa Malaysia Derivative ("**BMD**") however slumped to a low of just below RM3,500 per mt amidst global recessionary fears when central banks embarked on hiking interest rates. Subsequently, with record high energy prices in Europe as it goes closer to its winter season, CPO price rebounded to above RM4,000 per mt level.

In FY 2022, KLK's Plantation segment achieved a higher profit before tax of RM2.12 billion (FY 2021: RM1.35 billion) driven by stronger CPO and PK selling prices which averaged at some RM4,200 per mt and RM2,900 per mt respectively, coupled with higher CPO and PK sales volumes. The rise in profit was however moderated by higher production costs from fertilisers, agrochemicals and fuel, as well as higher wages. Prices were bullish compared to FY 2021 due to tight supply of some edible oils and supply chain disruptions, further exacerbated by the Russian invasion of Ukraine, and for a period, the restrictions on exports by the Indonesian government.

KLK's Plantation Statistics



Weighted Average Age of Palms
12.8 years

FFB Yield per Mature Hectare
19.71 mt/ha

CPO Yield per Mature Hectare
4.20 mt/ha

Oil Extraction Rate ("OER")
21.33%

REVIEW OF BUSINESS & OPERATIONS (Continued)

Plantation (Continued)

Main Subsidiary - KLK (Continued)

In FY 2022, additional profit contributions came from the recently acquired subsidiaries of KSN and PWS. In FY 2021, the profit contribution of KSN was only for one (1) month.

Shortage of workers in the Plantation segment since COVID-19 pandemic continues to have adverse impact on FFB production in FY 2022, with delayed arrivals of foreign workers despite approvals given by the Malaysian Government. Thankfully, more foreign workers began to arrive in the country from July 2022 onwards to work in various industries including plantations, which rely heavily on foreign workers. FFB yield was 19.71 mt per hectare (2021: 21.43 mt per hectare), while oil extraction rate ("**OER**") declined marginally to 21.33% (2021: 21.75%), mainly due to yield dilution and poorer OER achieved in the new acquisitions.

While CPO prices have been relatively high compared to three years ago, the cost of operations has also increased tremendously, affecting our bottom line. Thus the Group continues its on-going initiatives to strive for, where possible, more mechanisation and yield improvements.

Average profit per mature hectare for palm products was RM8,603 per hectare (FY 2021: RM7,396 per hectare).

Other Plantation Subsidiaries (non-KLK owned)

BKB has two (2) plantation subsidiaries located in East Kalimantan (Indonesia), namely PT Satu Sembilan Delapan ("**SSD**"), a 92% owned subsidiary and PT Tekukur Indah ("**TKI**"), a 90% owned subsidiary.

SSD has 5,384 hectares of fully matured oil palms and a 70 mt/hour palm oil mill located in Berau, East Kalimantan. Whereas the other subsidiary, TKI owns 1,497 hectares land adjacent to SSD's plantation with 959 hectares plantable. Oil palm planting on TKI commenced in November 2021 and by 30 September 2022, 530 hectares have been planted, with the remaining 429 hectares are targeted to complete by first quarter of FY 2023. Planting works slightly delayed due to wet weather experienced in the region. The estate management is optimising the resources and aims to complete the planting program by the targeted deadline.

SSD's FFB yields compare well against KLK's Plantations yields, due to a young crop profile, with nearly two-thirds in the prime category and the remainder young palms. This year's FFB yield averaged 21.88 mt per hectare, while OER was 20.32%.

Plantation Outlook

The Group's core Plantation business has benefited from high palm oil prices in 2022 but moving forward, CPO prices have softened since June 2022 to around RM4,000 per mt level, while the segment is facing the challenges of labour shortage and increased costs of fuel, fertilisers and agrochemicals. In the near term, CPO prices should remain at RM4,000 per mt level, supported by supply constraints and its price competitiveness against other edible oils.

REVIEW OF BUSINESS & OPERATIONS (Continued)

Manufacturing

Oleochemical

KLK's oleochemical and other downstream facilities are situated in Malaysia, China, Europe and Indonesia. These facilities refine processed palm oil and palm kernel oil into basic oleochemical products such as fatty acids, glycerine, fatty alcohols and fatty esters, and further downstream to specialties including sulphonated methyl esters, surfactants and phytonutrients. These oleochemicals are typically used in home and personal health care products, cosmetics, food & nutrition, flavours & fragrances, lubricants and industrial chemicals. As one of the world's leading oleochemical producers, KLK supplies to customers locally and various countries around the world.

In FY 2022, the Oleochemical division's profit before taxation surged 35% to RM916.60 million compared to RM680.63 million last year, supported by some 34% revenue increase from its Malaysia, Europe and China operations.

During first half of FY 2022, a strong demand recovery was seen for basic oleochemicals, namely fatty acids, fatty alcohol and fatty esters, which are base ingredients that go into the manufacture of home and personal care consumer staple goods. The second half of FY 2022 saw inflationary pressures and a marked slowdown in demand as customers stayed on the sidelines as an oversupply feedstock situation triggered steep prices corrections.

Raw material management for all the Oleochemical strategic business units ("**SBUs**") in Malaysia, China and Europe during this period was particularly challenging, with the need to balance between ensuring raw material availability, managing plant efficiency and at the same time avoiding excessive inventory build-ups as raw materials were at unprecedented high prices.

The Malaysian Oleochemical SBUs continue to be the mainstay of the Oleochemical business. As the worst of the pandemic receded and with COVID-19 becoming endemic, economies reopened and activities normalised, leading to increased global demand for Fatty Acids and Fatty Alcohols, which go into the consumer staples market, in particular household and personal care sectors.

Many oleochemical plants in China have been operating at reduced rates due to China's zero-COVID policy. This caused local supply shortage and pushed up selling prices. Amid intermittent lockdowns, KLK's China unit was fortunate enough to be able to continue their operations, fulfilling strong local demand from customers.

In Europe, supply lead time uncertainties caused European customers to source more from domestic producers. This region was also hit by soaring energy prices and high levels of inflation. KLK's European unit had to work hard to secure supplies of natural gas and worked with their customers to support the cost increase.

REVIEW OF BUSINESS & OPERATIONS (Continued)

Manufacturing (Continued)

Oleochemical Outlook

KLK expects Oleochemical division to face headwinds in FY 2023 coming from volatile raw material price movements, higher energy costs and softening demand from weaker economic growth. In Europe, there is additional risk pressure due to uncertainty over continuing availability of natural gas.

Overcapacity in the major product segments continues to be challenging and managing plant efficiency remains a key focus. Once the global supply chain disruption crisis improves, the Malaysian producers will again be faced with intense competition from Indonesian products with their export duty and levy advantages. Thus KLK maintains a cautious outlook for FY 2023.

Industrial Chemical

BKB's Industrial Chemical business comprises of 98%-owned Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**"), wholly-owned Chemical Company of Malaysia Berhad ("**CCM**"), and 61%-owned See Sen Chemical Berhad ("**See Sen**").

These companies manufacture a range of products, namely chlor-alkali chemicals (caustic soda, hydrochloric acid, liquid chlorine, sodium hypochlorite, ferric chloride), polymer products, sulphuric acid, sulphur derivatives, coagulants, methyl chloride and calcium nitrate. These industrial chemicals are used in a wide variety of applications, including rubber glove manufacturing, soaps, detergents, bleaches, disinfectant, pulp & paper, water treatment and petrochemicals.

The Division has a total of eight (8) industrial chemical operation sites in Peninsular Malaysia, supported by an in-house transport logistics arm which owns and operates 100 units of bulk tankers and lorries to deliver their products to customers.

Despite increased energy costs and raw material costs volatility in FY 2022, the Industrial Chemical businesses posted a group profit before taxation of RM209.06 million, some 127% higher than last year's RM91.99 million, mainly contributed by Malay-Sino and CCM, due largely to higher selling prices for most of our chlor-alkali products.

FY 2022 is the first full 12 months of profit contribution from CCM, which was acquired in December 2020. The CCM Group manufactures chlor-alkali chemicals, calcium nitrate and polymers for the gloves industry. The reorganisation and integration initiatives on-going at CCM during the year have resulted in realisation of post-acquisition efficiency gains and performance improvement. Its refurbished Plant 1 at Pasir Gudang is now running at near full capacity after various equipment issues were resolved. In addition, this Pasir Gudang complex commissioned its own co-generation power plant in January 2022 which enabled electricity costs savings.

REVIEW OF BUSINESS & OPERATIONS (Continued)

Manufacturing (Continued)

Industrial Chemical (Continued)

During the year, production capacity at Malay-Sino's Lahat plant was affected by increased plant downtime arising from the deteriorating reliability of its old DD electrolysers reaching end of life. These electrolysers, along with similar old electrolysers at the Kemaman plant, are being replaced with newer technology electrolysers. Deliveries of these replacements were however delayed by supply disruptions arising from the COVID-19 pandemic and now, we expected all these old DD electrolysers will be fully replaced by first half of FY 2023.

The unplanned plant shutdowns have resulted in lower production volumes and thus higher production costs. Higher energy costs were also a drag on overall profitability. The industry experienced several hikes in natural gas tariff along with higher electricity costs from electricity tariff surcharges imposed by TNB effective 1 February 2022. Previously, there were electricity cost rebates from imbalance cost pass-through ("**ICPT**") tariff adjustments. The successful commissioning of the two co-generation plants in our Kemaman, Terengganu and Pasir Gudang, Johor chlor-alkali plants in February 2021 and January 2022 respectively will help to reduce their energy costs going forward, whenever there is a positive price gap between natural gas and electricity rates.

Maintaining high plant efficiency is crucial to support future business growth. Various improvement initiatives are on-going across the Industrial Chemical subsidiaries, focusing on improving operational efficiencies. The replacement by new electrolysers in the Kemaman and Lahat plants will be completed in FY 2023 and will help mitigate the higher energy costs burden through lower electricity consumption. With the replacement, the combined capacity of our plants will increase from 117,000 dry mt to 123,000 dry mt.

On the other hand, CCM's Polymers business posted lower earnings y-o-y, mainly impacted by reduced demand from their glove customers, higher raw material costs and higher production costs. Meanwhile, CCM Polymers has completed in April 2022 the expansion of its Kleener production capacity. Unfortunately softening glove demand and continuing slow offtake from glove customers will likely impact FY 2023 results, due to current excess inventory of gloves held and competition from Chinese glove manufacturers.

Due to higher raw material costs and higher energy costs, See Sen reported significantly lower profits y-o-y, due to lower profits from sales of liquid alum and all sulphur-derived products, namely sulphuric acid, oleum and sulphur powder.

Industrial Chemical Outlook

Current regional caustic prices remain high due to high energy cost in Europe, causing chlor-alkali production there to be disrupted. Asia's caustic supply will tighten as regional producers divert volume to supplement the shortfall in Europe. Nonetheless, such prices will remain volatile and unlikely to hold for an extended period of time. As such, some price correction is anticipated to occur post-winter 2022. We expect the Industrial Chemical division to face some headwinds in FY 2023 coming from raw material prices hikes and high energy cost.

Property Development

KLK has been involved in Property Development since the 1990s and currently, the main activity is the development of BSC – a 1,000-acre township located in Sungai Buloh, Selangor. During the year, Property Development segment launched 254 units of double-storey link houses at its 202-acre Caledonia brand-new township in Ijok, Selangor, about 8 kilometers from BSC.

During the year, the property industry faced a series of challenges including the prolonged pandemic, economic headwinds, interest rate hikes, credit tightening and the resulting spending pullback by consumers.

REVIEW OF BUSINESS & OPERATIONS (Continued)

Property Development (Continued)

Despite these challenges in the property industry, KLK's Property division still managed to achieve good responses in its Phase 1 of the Walden and Jardin Residences, and newly launched Caledonia Ayana Phase 1 in August 2022.

For FY 2022, the Property division reported a profit before taxation of RM71.58 million, 3% higher than last year's RM69.24 million. The favourable results were mainly contributed by take-up rates of 87% and 97% for Walden and Jardin Residences in BSC respectively.

Property Development Outlook

Malaysia's transition to the COVID-19 endemic phase since 1 April 2022 is positive for the economy and the real estate market. The property industry is showing gradual signs of recovery. KLK foresees the rise in prices of building materials and labour cost, which will translate into higher construction costs, thus prices for properties are set to increase moving forward.

KLK's Management is cautious but confident of riding out this challenging period through close monitoring of market conditions, efficient operations, launches and construction of marketable products catering for the needs of specific target buyers, imposing cost control measures without sacrificing quality and sustainability standards, and prudent cashflow initiatives.

Following the encouraging responses from purchasers, KLK's Property division has scheduled upcoming launches of Phase 2 of the Walden and Jardin Residences in FY 2023. As there is slowdown in the overall property market, steps have been taken to moderate the speed of development in line with market demand conditions.

Others – Australian Property Investments

BKB's property investment portfolio currently consists of ten (10) projects in Australia; eight (8) in Melbourne and two (2) in Perth. The latest addition to BKB's property investment portfolio is an investment in a 68-hectare land parcel adjacent to the existing Heartford (1030 Donnybrook) project, approximately 40 km from Melbourne's Central Business District.

Both BKB's project partners, Satterley Property Group and Riverlee Group, are reputable and established real estate developers in Australia. BKB holds stakes ranging from 10% to 50% in their property development projects and their expected development completion dates ranging from 2024 to 2038.

For FY2022, the property investments recorded a combined profit before tax (after interest) of RM10.71 million (last year: RM9.66 million). True North (Greenvale, Melbourne), Botanical (Mickleham, Melbourne), The Hales (Forrestfield, Perth) and Clementine (Brookside, Perth) continue to be the current main revenue contributors.

Heartford (1030 Donnybrook, Melbourne) and Maple Grove (Pakenham, Melbourne) were launched in FY2022 to good reception, and are expected to contribute to revenue and profit in the coming years.

New Epping (Epping, Victoria) construction works continue to progress with slight delay for the stage 1 residences (social housing), which is slated for completion in November 2022 while, Ramsay Private Hospital construction works are progressing well with targeted completion by October 2023.

True North – Greenvale, Victoria

New Epping - Stage 1 Residence (SHGF Apartment) Progress

REVIEW OF BUSINESS & OPERATIONS (Continued)

Others – Australian Property Investments (Continued)

Australian Property Investments Outlook

Rising inflation is expected to impact the property industry, due to higher project infrastructure construction costs and lower lot sales as a result of higher construction costs for homeowners.

Property markets in Melbourne are easing alongside that of Sydney due to rising inflation, raised interest rates and tightening lending conditions. Victoria and New South Wales continue to feel the pandemic-fueled impact losing thousands of residents in the first six months of 2022 as they moved to other parts of Australia, with Queensland and Western Australia emerging as the preferred destinations.

Markets conditions in Perth are improving, with median house prices continuing to rise. The re-acceleration in housing values may be attributable to stronger internal migration rates as state borders reopened, along with Western Australia showing the strongest jobs growth of any state over the past year and the most affordable housing prices of any state capital. However, Perth is expected to experience a period of modest growth in the near future due to rising inflation and further interest rate rises.


Botanicals – Mickleham, Victoria


The Hales – Forrestfield, Western Australia

Heartford Sales Office – Donnybrook, Victoria

Maple Grove Sales Office – Pakenham, Victoria

Bluestone Sales Office – Tarneit, Victoria


Clementine Sales Office – Brookside, Western Australia

Sustainability Statement

ABOUT THIS STATEMENT

The annual Sustainability Statement ("**Statement**") of Batu Kawan Berhad ("**BKB**" or "**Company**") outlines our Group's strategies, initiatives and performance in embedding sustainable and responsible business practices in our operations.

This Statement covers BKB Group's sustainability stewardships and performance for the financial year ended 30 September 2022 ("**FY 2022**"). FY 2021 is the base measurement year for data tracking with FY 2022 data for comparison on year-on-year progress. Environmental, Social, and Governance ("**ESG**") information is provided on our Group's main business segments of Plantation and Manufacturing, as well as for BKB's other operation segments, where relevant. This Statement provides our responses to ten (10) sustainability material matters that impact our business and stakeholders value.

The BKB Group's ESG information and data herein are disclosed for the reporting period from 1 October 2021 to 30 September 2022. (unless otherwise stated).

STATEMENT REPORTING STANDARDS

This Statement was prepared in accordance with the guidelines and framework outlined below:

Principal Guidelines
- Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") *Main Market Listing Requirements*
- Bursa Malaysia's *Sustainability Reporting Guide 3rd Edition 2022*

Additional Guidelines/References
- *Global Reporting Initiative* ("**GRI**") *Standards*
- *The United Nations Sustainable Development Goals* ("**UNSDG**")

SCOPE OF STATEMENT

This Statement gives a concise account of our contributions to the UNSDG, what it means to our business, and how we create long-term values for our various stakeholders. The Statement is supported by our *Group Sustainability Policy* which is established under our Group's Sustainability Framework. In order to better align ourselves with addressing some of the world's major sustainability challenges, we have identified eight (8) key areas that reflect our contribution to the UNSDG.

Our primary business segments are Plantation and Manufacturing and these segments account for 15% and 83% respectively of the Group's total revenue in FY 2022.

Most of the assets in the Plantation segment are held and operated by our main subsidiary - Kuala Lumpur Kepong Berhad* ("**KLK**"). Activities in the segment involve the cultivation of oil palm and rubber, as well as the subsequent activities of harvesting and processing of the crops produced.

The Manufacturing segment is made up of (1) KLK's Oleochemicals, which involves the downstream processing of crude palm oil ("**CPO**") and palm kernel ("**PK**") products; (2) KLK's small non-oleo manufacturing activities; and (3) BKB's Industrial Chemicals, which Industrial Chemical and transport subsidiaries are involved in production of inorganic basic chemicals and chemicals products transport.

* *KLK is a listed company on Main Market of Bursa Malaysia and produces its own Sustainability Statement and Report as part of its Annual Report. Full details of their sustainability initiatives and their Annual Report can be found at KLK's website at www.klk.com.my.*

SUSTAINABILITY POLICY

In FY 2022, our *Group Sustainability Policy* **("Policy")** and the Sustainability Framework with our Sustainability Goals were formalised after revisiting the scoping, governance structure and sustainability material matters in order to provide a clearer depiction of the sustainability impacts on our businesses and stakeholders. In accordance with our Sustainability Framework, we have identified eight (8) key areas in this Statement which reflect our participation to the UNSDG.

The Policy applies to all directors and employees of BKB and its subsidiaries (excluding KLK and its group of companies as the KLK Group, being a listed company and has its own separate Sustainability policy).

Environmental Sustainability	Social Sustainability	Governance Sustainability
As a responsible manufacturer, protecting the environment by reducing environmental impact and optimising resource utilisation; specifically in energy consumption, water and waste management, carbon emissions, and resource efficiency resulting from internal operations as well as purchased goods and/or services.	Being a responsible organisation, improving social progress and enriching communities within the geographies which the Group operates in. The Group respects and recognises employees' rights in the workplace, with a particular emphasis on Occupational Health and Safety, diversity, inclusivity, and professional development of our employees.	The Group operates in an ethical and transparent manner, complying with applicable laws and regulations, and pursuing balanced and profitable growth through good business practices.

SUSTAINABILITY FRAMEWORK

At BKB Group, we are committed to remain environmentally sustainable in our business operations to preserve the planet's resources while developing an innovative approach and delivering resilient as well as value-added solutions. Our Sustainability Framework embeds ESG relevant factors into our business operations by aligning business strategy and decision making to deliver sustainable practices while also balancing our economic aspirations for our people and communities.

We take a multifaceted approach to sustainability that incorporates metrics for ESG. In accordance with our sustainability material matters, we focus mainly on leveraging energy-efficiency initiatives and business innovation to boost productivity, conserving the environment and supporting business development. These advancements will strengthen our Group's overall resilience and ensure that our stakeholders' expectations are fulfilled throughout the supply chain.

SUSTAINABILITY FRAMEWORK (Continued)

BKB Group Sustainability Goal: To adopt responsible and sustainable practices in its business and operations to ultimately achieve results that are sustainable for future generations.

Goal Outcomes	**Environmental – Responsible Manufacturer**			**Social – Enriching communities**					**Governance**	
Sustainability Material Matters	Climate Change	Environmental Management	Biodiversity	Labour practices & equal opportunity	Training & development	Product quality & safety	Occupational Health & Safety	Communities	Business ethics & integrity	Traceability
Impact on UNSDGs	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 6 CLEAN WATER AND SANITATION; 15 LIFE ON LAND			3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH					As per BKB's Corporate Governance Overview Statement.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

OUR FOCUS AREAS

A sustainable future for our Group is the fundamental strategy to create long-term value for our future generations and stakeholders.

Energy Minimisation
Reduce energy usage for natural gas, fuel and purchased electricity.

GHG Emission
Reduce greenhouse gas emissions by reducing overall energy usage in all forms.

Waste
Reduce process waste (non-hazardous & hazardous) and system waste, applying new waste disposal technology, where applicable.

Water
Reduce overall water consumption through conservation, recycling and reuse.

Hydrogen Usage
Increase use of hydrogen as a non-carbon fuel source for energy production within operations.

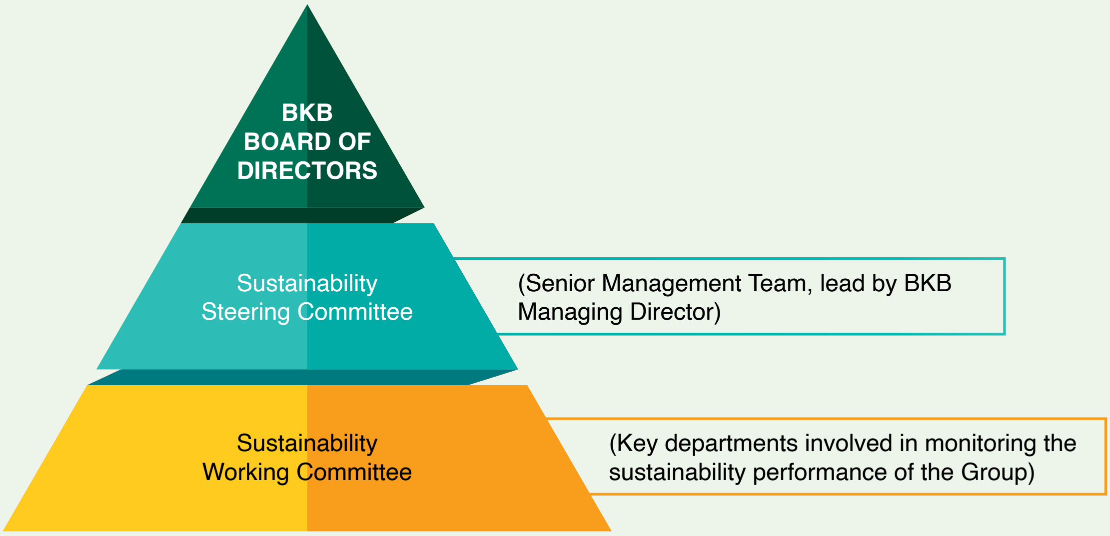
Material Efficiency
Maximise our conversion of raw materials used in our products to increase material efficiency.

Product Circularity
Develop solutions to recover and recycle our products.

Social Responsibility
Corporate Social Responsibility ("**CSR**") is a main part of our sustainability. We actively engage with the local community through various programmes in order to contribute positively to the community.

SUSTAINABILITY GOVERNANCE

The BKB Board of Directors ("**Board**"), assisted by the Sustainability Steering Committee ("**SSC**") and Sustainability Working Committee ("**SWC**"), oversees the sustainability activities and strategies, as shown in the diagram below. The initiatives under the SSC are led by BKB Managing Director who reports to the Board on a regular basis and collaborates with the SWC to oversee the implementation of sustainability-related initiatives and activities.



STAKEHOLDER ENGAGEMENT

BKB Group collaborates with various internal and external stakeholders to ensure all stakeholders' areas of interest within our business scope are managed, resolved and handled responsibly and sustainably.

During the year under review, we engaged with stakeholders to create conversations about sustainability material matters and/or topics relevant to their interests and our operations, which have an impact on society as a whole.

Such interactions with stakeholders enable Management to better understand a variety of perspectives and obtain feedback on the Group's business direction and strategies, allowing us to build better long-term strategies in achieving the Group's financial and non-financial objectives.

We have identified eight (8) key stakeholder groups, and their areas of concern/interest and our approaches in engaging with them in the following ways:

NO.	STAKEHOLDER GROUP	AREA OF CONCERN/INTEREST	ENGAGEMENT APPROACH
1.	**Employees** 	• Employee Development and Job Satisfaction • Welfare and Remuneration • Health, Safety and Wellness Practices	• Capacity-Building Programmes • Townhalls • Annual Performance Appraisal • Newsletter, Email Blast and Social Media • Employee Induction • Grievance Policy

STAKEHOLDER ENGAGEMENT (Continued)

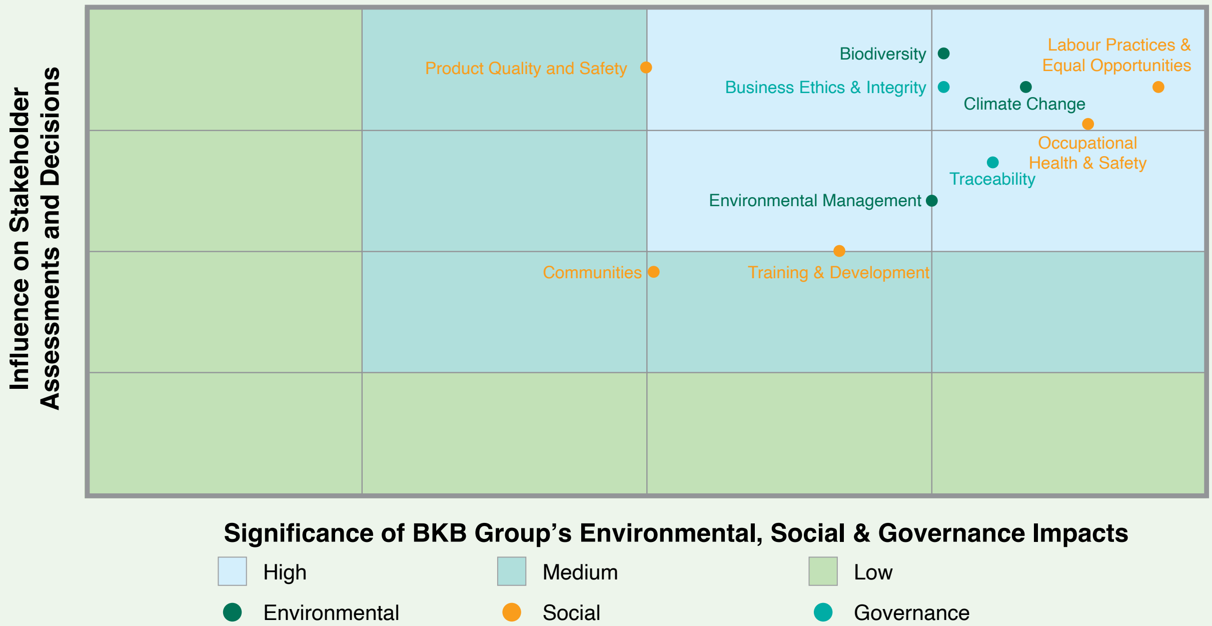
NO.	STAKEHOLDER GROUP	AREA OF CONCERN/INTEREST	ENGAGEMENT APPROACH
2.	**Government, Regulatory Bodies & Industry Peers**	• Compliance • Environmental Impact • Site & Product Certification • Product Quality & Safety	• Site Inspection / Audit by Local Authorities • Meetings and Dialogue Sessions • Industry Forum & Memberships
3.	**Suppliers and Vendors**	• Sustainable Procurement Practices • Transparency • Product Safety and Reliability • Strategic Partnership	• Vendor Survey • Vendor Quality & Performance Audit • Meetings and Discussion
4.	**Customers**	• Product Competitiveness • Product Quality & Safety • Customer Service • Traceability • Product Certification • Supply consistency • Quality stability	• Site Visits & Meetings • Customer Survey • Product Handling Training for Customers • Customer Installation Assessment
5.	**Shareholders & investors**	• Business Strategy • Financial Performance • Shareholders Value	• Annual General Meetings • Company Announcements • Annual Report • Corporate Governance Report • Websites
6.	**Bankers and Financial Institutions**	• Governance & Integrity • Business Strategy • Financial Performance • Sustainability	• Annual Report • Corporate Governance Report • Websites • Meetings and Briefings
7.	**Communities and Public**	• Socio-Economic Issues • Environmental Impact • Corporate Social Responsibility • Publicity and Corporate branding	• Community Programmes • Sponsorship and Donations • Meetings and Dialogues
8.	**NGOs**	• Sustainability Related Matters • Challenges Faced by the Chemical Industry	• Meetings, Engagements and Dialogues • Regular Correspondence • Collaborations and Project Partnerships • Policy and Documentation Reviews • Grievance Policy • Email Surveys

SUSTAINABILITY MATERIAL MATTERS

Creating a long-term value requires a thorough understanding of industry trends, operational challenges and stakeholder expectations. As a result, we create our strategies based on the sustainability material of our business growth as well as the needs of our stakeholders. These significant issues influence our Board and SSC as we shape the organisation for a long-term sustainable growth.

MATERIALITY MATRIX

BKB Group's ESG Materiality Matrix is determined by the significance levels of those ESG aspects relevant to the Group's business operations as well as their impact on our stakeholders with emphasis on their sustainability trends, risks and opportunities that affect our business strategic and direction. Our ESG Materiality Matrix is as follows:



ENVIRONMENTAL

WHY IS THIS SIGNIFICANT?

The BKB Group utilises natural resources such as energy, water and other finite resources that are also relevant for future generations. While adhering to environmental standards and regulations, we strive to practise sustainable and responsible environmental management that not more than just an ethical business approach but also as a motivator to improve and innovate current operations.

BKB Group has embarked on initiatives which contribute towards the UNSDG No. 6 on Clean Water and Sanitation, UNSDG No. 12 on Responsible Consumption and Production for our Plantation segment, and UNSDG No. 15 on Life on Land. On the climate change and GHG Emissions, the Group aims to contribute to UNSDG No. 1 on Affordable and Clean Energy and UNSDG No. 13 on Climate Change.

The majority of BKB Group manufacturing plants are already accredited with ISO14001:2015 on Environmental Management System which seeks to reduce environmental impacts from our activities, products and services through continual assessments and adopting continuous improvement. The Group also conveys periodic education and awareness to key stakeholders on climate change impacts and the importance of resource use efficiency.

How we care for our environment is critical to safeguard opportunities for future generations. As part of this, we are working proactively with our stakeholders on sustainability solutions. This section discusses the impact of our Plantation and Manufacturing operations on climate change, water, waste and biodiversity.

ENVIRONMENTAL (Continued)

WHAT IS OUR APPROACH?

We first ensure that all our plants and operations in the Plantation and Manufacturing segments comply with the environmental regulations. Our operations are also benchmarked to voluntary environmental standards as well as embracing digitalisation and leveraging technology to reduce material consumption and waste production. Our key approaches in FY 2022 cover the following topics/areas:

1) Climate Change
2) Environmental Management
3) Biodiversity

HOW DO WE CREATE VALUE?

1. CLIMATE CHANGE

Climate change will have a wide-ranging effect on the environment and socio-economic related sectors, impacting water resources, agriculture and food security, human health, terrestrial ecosystems as well as biodiversity and coastal zones. Delays in responding to climate change may lower our competitive edge.

To address climate change, our environmental footprints across all our operations in the Plantation and Manufacturing segments are measured and minimised. We aim to implement energy-efficient and/or energy-saving approaches to reduce energy consumption in our value chain and achieving cost effectiveness in our energy usage. Reduced energy consumption has environmental benefits such as reduced carbon footprint, higher return on investment, lower business operating costs and improved public brand image.

In managing our energy and emission impacts, we have leveraged on key technological innovations to implement energy-saving and cost-effective techniques in the Plantation and Manufacturing processes of our plants to reduce their operations carbon footprint and energy consumption, as tabulated below:

Co-Generation Plant Installed Combined Heat and Power Generation ("**COGEN**") units to generate electricity and use heat produced to produce steam and chilled water for plant operations, reducing use of fuel to produce these items separately.	**Newer Technology and Energy Efficient Electrolyser and Membrane** Upgrading of more energy efficient electrolysers and membranes to reduce electricity power usage.	**Usage of by-products as an alternative energy source** Increased usage of Palm Pressed Fibre ("**PPF**") and kernel shells as biofuels to reduce fossil fuels consumption.
Biogas Power Plants ("BPP") for Renewable Energy Conversion of methane gas captured from palm oil mill effluent ("**POME**") into electricity to reduce GHG emissions and Biological Oxygen Demand ("**BOD**").	**Filter Belt Press ("FBP")** Installation of FBP in selected Palm Oil Mills ("**POMs**") to reduce GHG emissions.	**Economiser Mechanical Design** A mechanical device designed to decrease the consumption of energy by using excess heat from a hot steam to preheat the Fatty Alcohol ("**FAL**").

ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

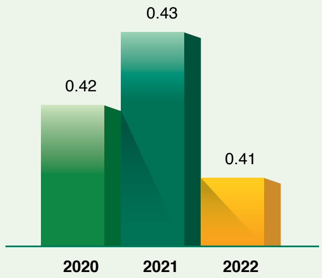
1. CLIMATE CHANGE (Continued)

1.1 ENERGY CONSUMPTION

ENERGY CONSUMPTION AT PLANTATIONS SEGMENT

PPF and kernel shells, by-products from our POMs, are used as an alternative fuel source to reduce fuel consumption in the Plantation. Using PPF as a green energy source has multiple benefits as it helps reduce consumption of fossil fuels. Energy efficiency is also a primary consideration when we design new POMs. In FY 2022, an average of 0.41 GJ/MT CPO processed was consumed, slightly better than last year's average of 0.43 GJ/MT CPO processed.

Plantation Energy Consumption, GJ/MT CPO Produced



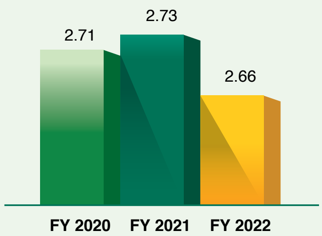
ENERGY CONSUMPTION AT MANUFACTURING SEGMENT

For FY 2022, total energy consumption for Industrial Chemicals segment, as shown below, increased due to higher production capacity for chlor-alkali products following our acquisition of Chemical Company of Malaysia Berhad ("**CCM**"). Two (2) units of COGEN plants were commissioned in our Kemaman and Pasir Gudang chlor-alkali plants respectively.

Several initiatives to reduce non-renewable energy consumption were implemented. The COGEN plants with total capacity of 18MW use natural gas and high efficiency green engines which will lower carbon footprint when producing electricity and at the same time generating steam and chilled water, reducing usage of electricity from the Grid. Therefore, the electricity energy consumption shows a positive reduction in FY 2022.

BKB Industrial Chemicals is also investing in latest technology electrolysers to replace older electrolysers at its Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**") Kemaman and Lahat plants. These new investments will improve energy efficiency by reducing energy consumption per unit product produced. For the Transportation division, through a fleet renewal programme, newly acquired prime movers are powered by Euro 3 engines with lower fuel consumption. Fleet management programme monitors overall vehicles diesel fuel consumption, which in FY 2022 was an average of 2.66 km/litre. This is 2.5% lower compared to the 2.73 km/litre for FY 2021 and 1.8% lower compared to the 2.71 km/litre for FY 2020.

Diesel Consumption for Transport OCs, km/litre



Our KLK Oleochemicals introduced a new energy saving initiative in FY 2022 through conducting an energy pinch analysis on the existing heat exchanger network ("**HEN**") in their FAL Plant 1 which produces 600 tonnes FAL per day. Through the exercise, there was a reduction in energy consumption by 363 KWH and reduced GHG emission by 650 MT equivalent CO_2 per year. Other energy saving projects include commencement of two (2) newly built COGEN with total capacity of 13 MW in Pulau Indah and Rawang plants which have resulted in reducing energy use intensity in FY 2022 to 3.45 GJ/MT production volume, an improvement from 3.80 GJ/MT in FY 2021.

ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

1. CLIMATE CHANGE (Continued)

1.1 ENERGY CONSUMPTION (Continued)

ENERGY CONSUMPTION AT MANUFACTURING SEGMENT (Continued)

The 3-year comparative data of various energy consumption sources for the Manufacturing segment is tabulated below:

Energy Consumption (GJ)	Industrial Chemicals			Oleochemicals		
	2020	2021	2022	2020	2021	2022
A. Non-renewable fuel consumed	367,327	635,583	1,218,101	7,762,822	8,108,148	7,137,593
B. Renewable fuel consumed	-	-	-	-	-	39,923
C. Electricity purchased for consumption	1,082,504	1,411,610	1,207,409	2,949,878	2,758,276	2,444,153
D. Self-generated electricity, heating, cooling & steam (which are not consumed)	-	-	-	124,306	123,395	-
E. Electricity, heating, cooling & steam sold	28,719	13,985	9,847	29,347	66,420	37,456
Total energy consumption (A+B+C+D) - E	**1,421,113**	**2,033,208**	**2,415,664**	**10,807,659**	**10,923,399**	**9,584,213**

1.2 CARBON EMISSION

CARBON EMISSION AT PLANTATION SEGMENT

The KLK Group practices sustainable energy management in their plantations to ensure that resources are used optimally and efficiently by incorporating green energy wherever possible. KLK has adopted and increased the use of FBP systems to reduce methane gas emissions and convert effluent into fertiliser for use in their plantations. As of FY 2022, 25 FBP systems have been installed. Biogas power plants which use methane gas generated from palm oil processing as a source of renewable energy are available. In FY 2022, the POMs in the Plantation segment recorded average emission of 601.41 KG CO_2 eq/MT CPO, an improvement to FY 2021's 582.18 KG CO_2 eq/MT CPO.

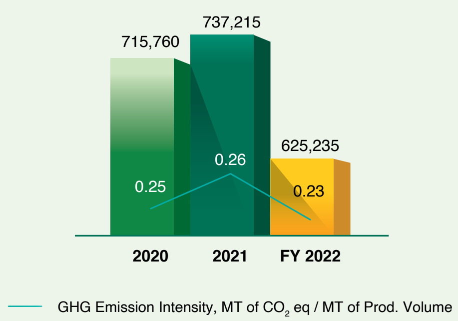
FY 2020 **592.09** kg CO_2 eq/MT CPO › FY 2021 **582.18** kg CO_2 eq/MT CPO › FY 2022 **601.41** kg CO_2 eq/MT CPO

CARBON EMISSION AT MANUFACTURING SEGMENT

In FY 2022, our KLK Oleochemicals' carbon emission stand at 625,235 MT CO_2eq with an emission intensity of 0.23 CO_2eq/MT production volume. 18 GHG emission reduction projects were implemented during the year which resulted in 5,218 MT CO_2eq savings.

5,143,776 **number of trees have been conserved in FY 2022 from 15% GHG emission reduction in Oleochemicals**

Oleochemicals GHG Emission, MT CO_2eq



ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

1. CLIMATE CHANGE & GHG EMISSIONS (Continued)

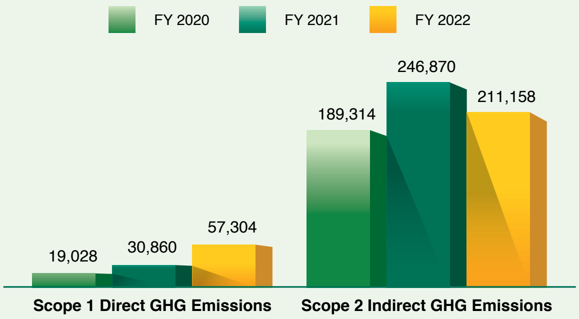
1.2 CARBON EMISSION (Continued)

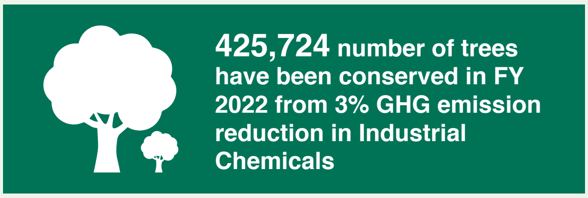
CARBON EMISSION AT MANUFACTURING SEGMENT (Continued)

For BKB Industrial Chemicals, overall carbon emission in FY 2022 reduced approximately 3%. This reduction reflects our Group's commitment in combating climate depletion towards sustainable low carbon strategies in our operations which aligns with our *Group Sustainability Policy*.

The breakdown of Industrial Chemicals carbon emissions in FY 2022 are as follows:

Industrial Chemicals Carbon Emission, MT CO_2eq





SCOPE 1
Direct GHG Emission

1. **Vehicles**
   GHG emissions produced by our fleet of Group-owned vehicles primarily from our logistic companies, Circular Agency Sdn Bhd and North-South Transport Sdn Bhd ("**CANST**") were calculated from their diesel consumption.

   CO_2 emission from diesel consumption were derived from the emissions factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

2. **Plant Operations**
   Diesel and Natural Gas Consumption - Higher natural gas consumption in FY 2022 due to Kemaman and Pasir Gudang plant on-site 18MW COGEN for both plants currently in operation, which reduced electricity consumption from the Grid.

SCOPE 2
Indirect GHG Emissions

Indirect emissions from purchased electricity
Tenaga Nasional Berhad ("**TNB**") - Lower purchase of electricity due to Kemaman and Pasir Gudang plant on-site 18MW COGEN for both plants currently in operation which substantially reduced electricity purchases from TNB Grid. In addition, Kemaman plant replaced some older electrolysers, which improved electricity use efficiency.

2. ENVIRONMENTAL MANAGEMENT

2.1 RESPONSIBLE WASTE MANAGEMENT

All scheduled waste generated from our operations as listed in the First Schedule of the Environment Quality (Scheduled Wastes) Regulation 2005 are being managed responsibly in terms of their generation, storage, transportation and treatment. Scheduled wastes are collected by licensed contractors approved by the Department of Environment ("**DOE**").

The generation of wastes (including non-hazardous general wastes) are as follows:

WASTE MANAGEMENT FOR PLANTATION SEGMENT

Under our sustainable waste management approach, wastes generated by our Operating Centres ("**OCs**") from FFB processing are collected and disposed in accordance with prevailing regulations by licensed waste disposal contractors registered under the DOE.

KLK takes proactive steps to keep track of scheduled waste (oils, lubricants, fuel filters, chemicals, pesticide containers) and disposed them in full compliance with environmental laws and regulations applicable in the location of operation.

ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

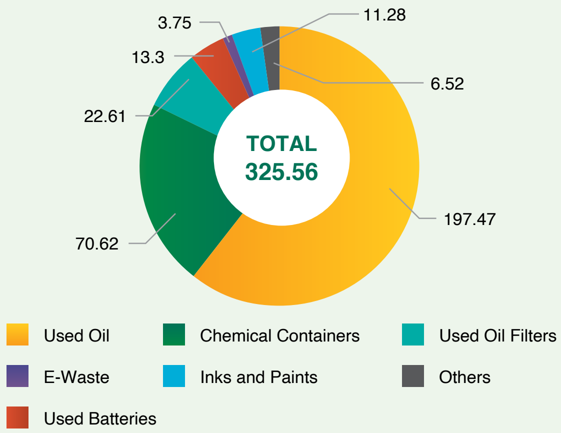
2. ENVIRONMENTAL MANAGEMENT (Continued)

2.1 RESPONSIBLE WASTE MANAGEMENT (Continued)

WASTE MANAGEMENT FOR PLANTATION SEGMENT (Continued)

The scheduled waste generated by our Plantation segment are as follows:

FY 2022 Plantation Total Scheduled Waste (MT)



WASTE MANAGEMENT FOR MANUFACTURING SEGMENT

In Malaysia, scheduled waste for Manufacturing segment is disposed responsibly through DOE's Licensed Contractor and approved Waste Disposal Facility. An incremental volume of scheduled waste was recorded in FY 2022 due to higher production by BKB Industrial Chemicals, following the acquisition of CCM Bhd

The Malay–Sino Kemaman plant participated in the E-Waste Collection Campaign Week which was jointly organised by *Majlis Perbandaran Kemaman* and DOE. During the campaign period, several training were conducted to disseminate information regarding the characteristics of E-Waste as well as their proper disposal methods. Employees and contractors actively participated in the event and successfully collected a total amount of 4,180 kg of E-Waste, comprising of used computer parts and accessories, fused floodlights, old television sets and household appliances such as kettle, blender, vacuum cleaner, electric sewing machine and rice cooker. These contributed items were then collected by authorised E-Waste Recycler appointed by *Majlis Perbandaran Kemaman*.

WASTE INTENSITY

5.3 kg of waste generated / MT Production Volume in Industrial Chemicals

WASTE DISPOSAL

Manufacturing Segment	Types of Waste	Metric Tonne		
		2020	2021	2022
Industrial Chemicals	General Waste	-	221	471
	Scheduled Waste	-	1,925	3,086
Oleochemicals	General Waste	-	16,990	17,461
	Scheduled Waste	-	9,041	8,973

WASTE RECOVERY

BKB Industrial Chemicals, through its Malay-Sino plant holds the license for prescribed premises (on-site) treatment facilities, allowing collection of SW206 (acid waste) from the waste generators. Instead of the acid waste being disposed to the waste collection facility by the waste generators, the acid waste is treated and reused in the production of Ferric Chloride. This initiative allows reuse of scheduled waste instead of their disposal thereby conserving the environment.

Manufacturing Segment	Types of Waste	Metric Tonne		
		2020	2021	2022
Industrial Chemicals	Scheduled Waste	2,011	3,046	1,561
Oleochemicals	General Waste	-	8,800	7,658
	Scheduled Waste	-	2,028	3,492

ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. ENVIRONMENTAL MANAGEMENT (Continued)

2.2 WATER CONSERVATION

Freshwater is a valuable resource. Various sustainable water consumption practices have been instituted in BKB Industrial Chemicals, including careful use and preservation of water supply, reprocessing and reusing of waste water. Waste water is also treated before discharging from our manufacturing plants. All production sites operate in full compliance with Environmental Quality Act 1974 ("**EQA 1974**") and water conservation is practised.

WATER CONSUMPTION FOR PLANTATION SEGMENT

In FY 2022, the Plantation segment's processing water usage rate was 1.40 m^3/MT FFB processed. Water use in the processing of fresh fruit bunches is carefully controlled in order to reduce generation of POME. Our OCs monitor BOD and Chemical Oxygen Demand ("**COD**") levels at final discharge to ensure that both parameters comply with local regulations.

Location	Peninsular	KLK Sabah	KLK Sawit Nusantara (Sabah)	Indonesia (Including KLK Sawit Nusantara Indonesia)	Liberia	Total
Water Usage Rate (m^3/MT FFB processed)	1.25	1.29	1.16	1.48	2.16	1.40

Water Usage Rate at Plantation (m^3/mt FFB processed)

FY 2020 **1.32** › FY 2021 **1.38** › FY 2022 **1.40**

WATER USAGE RATE AT INDUSTRIAL CHEMICALS

3.0 m^3 / MT Prod. Volume

WATER CONSUMPTION FOR MANUFACTURING SEGMENT

Water conservation in BKB Industrial Chemicals involves the careful use of water. The increase of approximately 23% of water consumption has been reported in FY 2022 compared to FY 2021 due to higher production capacity and activity.

Manufacturing Segment	Water withdrawal by source	m^3		
		2020	2021	2022
Industrial Chemicals	Surface Water	-	-	215
	Third party water*	1,201,024	1,646,548	2,020,168
	Total	**1,201,024**	**1,646,548**	**2,020,383**

**Lists of third-party water:*
1) Syarikat Air Johor 2) Syarikat Air Terengganu 3) Lembaga Air Perak 4) Syarikat Air Negeri Sembilan 5) Syarikat Air Selangor

ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. ENVIRONMENTAL MANAGEMENT (Continued)

2.2 WATER CONSERVATION (Continued)

WATER CONSUMPTION FOR MANUFACTURING SEGMENT (Continued)

In FY 2022, KLK Oleochemicals recorded total water consumption of 7,745,181 m^3 and water consumption intensity of 1.30 MT CO_2/MT production, similar to the intensity in FY 2021.

Manufacturing Segment	Water withdrawal by source	m³		
		2020	2021	2022
Oleochemicals	Groundwater	2,235,339	2,076,505	2,219,017
	Surface Water	1,419,845	1,464,900	1,227,334
	Seawater	1,598,464	1,766,849	1,750,067
	Produced Water	-	270,018	-
	Third party water	2,599,119	2,878,734	2,548,763
	Total	**7,852,767**	**8,457,006**	**7,745,181**

WATER DISCHARGE FOR MANUFACTURING SEGMENT

The Industrial Effluent Treatment System ("**IETS**") for our Manufacturing plants uses both physical and biological treatments. The water discharge recorded in Industrial Chemicals for FY 2022 was approximately 15% higher due to higher production. All water discharged are properly treated through the IETS complying with the EQA 1974 at all times.

Manufacturing Segment	Water withdrawal by source	m³		
		2020	2021	2022
Industrial Chemicals	Surface Water	116,595	196,875	225,717
	Total	**116,595**	**196,875**	**225,717**

Manufacturing Segment	Water withdrawal by source	m³		
		2020	2021	2022
Oleochemicals	Surface Water	1,861,841	1,913,376	1,683,799
	Seawater	945,330	1,766,849	1,501,732
	Third Party Water	715,461	1,000,060	954,784
	Total	**3,522,632**	**4,680,285**	**4,140,315**

WATER REUSE/RECYCLE FOR MANUFACTURING SEGMENT

KLK Oleochemicals recorded 549,319 m^3 of recycled water usage in FY 2022, equivalent to 220 Olympic-size swimming pools. For BKB Industrial Chemicals, the recycled waste water usage in FY 2022 remains at 74,003 m^3 water, equivalent to 30 Olympic-size swimming pools. The water recycling and its reuse in our Industrial Chemicals involves recycling caustic evaporation condensates to plants at Malay-Sino, and rain water harvesting at our CCM Polymers Sdn Bhd ("**CCM Polymers**") Bangi and CCM Chemicals Sdn Bhd ("**CCM Chemicals**") Pasir Gudang plants.

ENVIRONMENTAL (Continued)

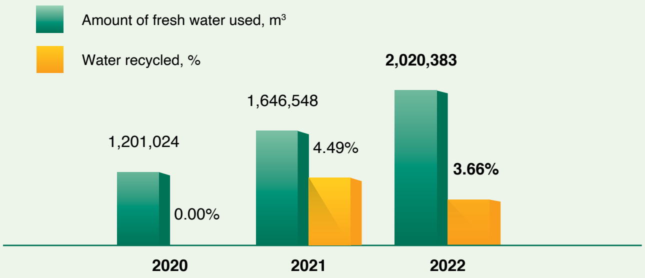
HOW DO WE CREATE VALUE? (Continued)

2. ENVIRONMENTAL MANAGEMENT (Continued)

2.2 WATER CONSERVATION (Continued)

WATER REUSE/RECYCLE FOR MANUFACTURING SEGMENT (Continued)

Water Conservation at Industrial Chemicals



220 Olympic-size swimming pools of water have been recycled in Oleochemicals for FY 2022

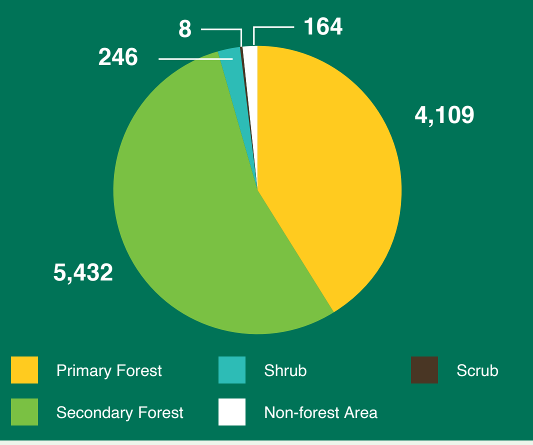
30 Olympic-size swimming pools of water have been recycled in Industrial Chemicals for FY 2022

3. BIODIVERSITY

Plantation segment is committed to biodiversity conservation by identifying, protecting, and maintaining High Conservation Value ("**HCV**") areas in its plantation activities. Areas with a significant concentration of biological value or valuable ecosystems (e.g. hosting) are preserved.

The KLK Group has officially launched its Group Biodiversity Conservation Policy on 1 May 2021. The policy reaffirms and reiterates their commitment to biodiversity conservation throughout their operations and supply chains. When rare and endangered species are discovered within HCV sites, there is collaboration with non-governmental organizations and the State Wildlife Agency to preserve and conserve these populated HCV areas. Their habitats are protected through the use of appropriate management, monitoring plans, and best management practices for ecosystem services. KLK is involved with Konservasi Hutan Desa ("**KOTANDES**") which covers 9,940 hectares in the Berau Regency (East Kalimantan), Indonesia to preserve and maintain a high-quality forest and its biodiversity as well as to promote local community welfare through sustainable practices.

Land Cover Area (hectare)



In preserving and conserving our biodiversity ecosystem, KLK Group has donated to RIMAU, a non-profit organisation working to save Malayan tigers which have been gazetted as '*Totally Protected*' under the Wildlife Conservation Act 2010 and classified as Critically Endangered under the IUCN Red List for Threatened Species.

Furthermore, KLK Group pledges to practises no deforestation and have set aside HCV areas for forest conservation and restoration, being committed to HCV and High Carbon Stock ("**HCS**") approaches for the ecosystem. In FY 2022, there were no illegal or no-compliant deforestation activities occurring in their plantations. In 2021, an additional 12 flora species and 33 fauna species were identified in their plantations, bringing the total identified flora and fauna species to 236 species and 449 species respectively. From the identified flora and fauna species, 26 flora species and 75 fauna species are in the extinct and threatened category, according to the IUCN Red List.

Other initiatives undertaken includes peatland preservation and a zero-burning policy. KLK's Sustainability Report is available on its website *www.klk.com.my*, contains more information on these initiatives.

ENVIRONMENTAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

3. BIODIVERSITY PROTECTION (Continued)

Group Biodiversity Policy
Biodiversity conservation

High Conservation Value
Preserving environmental sensitive areas

High Carbon Stock
Planting natural vegetation and forest trees

Forest Conservation and Restoration
No deforestation

Preservation of flora and fauna
236 flora species and 449 fauna species identified to date

14,288.44 hectares
of land conserved to date

Zero-burning Policy
Banned & Prohibited

Forest and Peatland Preservation
Protection of ecosystem services

Green Forest Project
KOTANDES is a forest and biodiversity conservation project in East Kalimantan, Indonesia

SOCIAL

WHY IS THIS SIGNIFICANT?

At BKB Group, our people are at the heart of everything we do, from our employees and suppliers to the communities within our operations. We aim to foster a workforce that is engaged, skilled and productive. Above all, safety remains a priority to BKB Group as it ensures operational productivity, business continuity and protects our valued employees' wellbeing.

BKB Group is contributing towards UNSDG No. 3 Good Health and Well-being, UNSDG No. 4 on Quality Education and UNSDG No. 8 on Decent Work and Economic Growth. Social initiatives covering human resource, safety and responsible care initiatives critical to our businesses have been implemented to ensure steady and resilient growth over the long term, in line with the Group's Policies and Codes of Conduct for maintaining safe and stable operations. These Policies also ensure that health, safety and environmental care are maintained in our businesses as well as improving the quality of products and services delivered to our diverse stakeholders.

The Group also seeks to empower communities in which the BKB Group operates. Giving back to the community by actively participating in community development fosters a stronger sense of unity and trust through regular engagement.

WHAT IS OUR APROACH?

Our key approaches in FY 2022 cover the following topics/areas:

1) Labour Practices and Equal Opportunities
2) Occupational Health and Safety
3) Product Quality and Safety
4) Training and Development
5) Communities

SOCIAL (Continued)

HOW DO WE CREATE VALUE?

1. LABOUR PRACTICES AND EQUAL OPPORTUNITIES

BKB Group believes in upholding and promoting human rights and fair labour practices in our operations. We conduct business in a manner that supports and respects human rights, diversity and equal opportunity.

Every employee has the right to fair and equal treatment. These include fair pay, safe working conditions, equal access to promotions and remuneration, career advancement as well as skill development, among others.

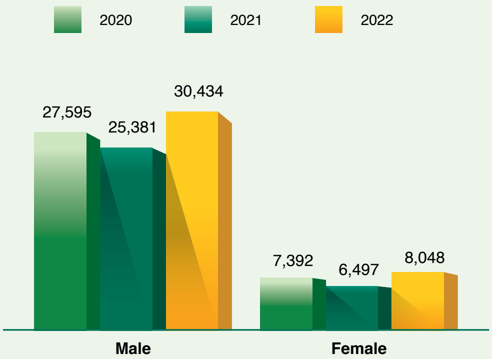
In our recruitment and selection process, our hiring decisions are made solely on the merit and qualification of the individual and their ability to succeed in their assigned job role. We provide equal pay for equal work done regardless of gender, age, race or ethnicity.

1.1 DIVERSITY & EQUAL OPPORTUNITY

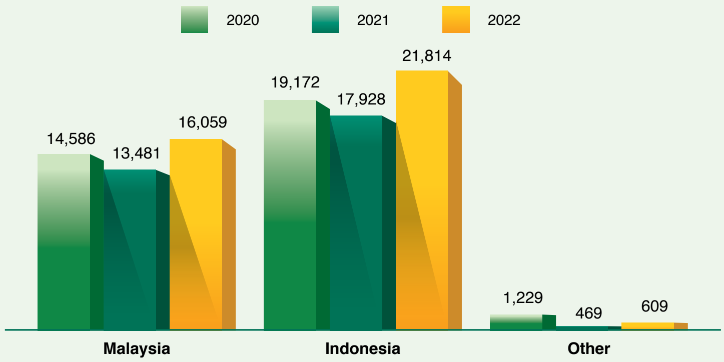
DIVERSITY & EQUAL OPPORTUNITY AT PLANTATION

As the palm oil industry environment is physically demanding, fewer applications from women, particularly for field work, are received. As part of our commitment to assist women to become more involved in the industry, the Plantation segment has established (but not limited to) Gender Committees across its Malaysia and Indonesia operations, as well as building facilities such as Childcare Centres for babysitting so that employees can work with peace of mind.

Gender

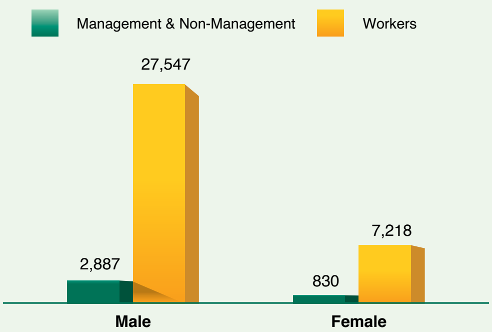


Locality

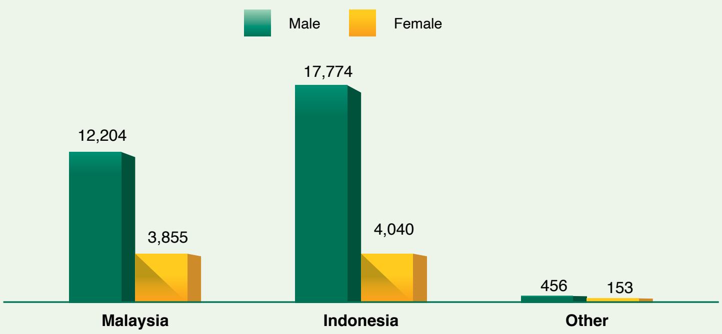


Information on Employee for Plantation (as at Quarter 4, FY 2022)

Gender by Employement Category



Gender by Region



SOCIAL (Continued)

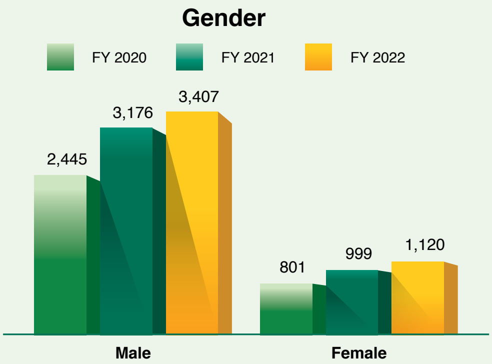
HOW DO WE CREATE VALUE? (Continued)

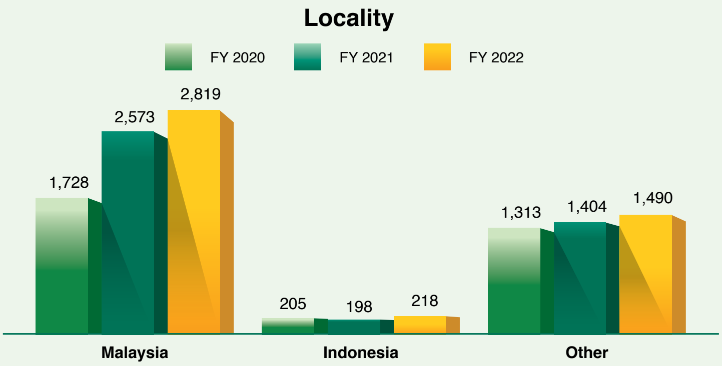
1. LABOUR PRACTICES AND EQUAL OPPORTUNITIES

1.1 DIVERSITY & EQUAL OPPORTUNITY (Continued)

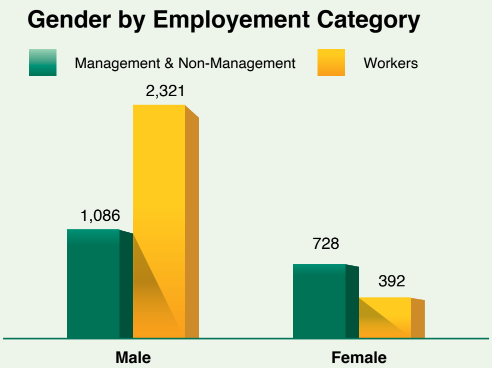
DIVERSITY & EQUAL OPPORTUNITY AT OLEOCHEMICALS

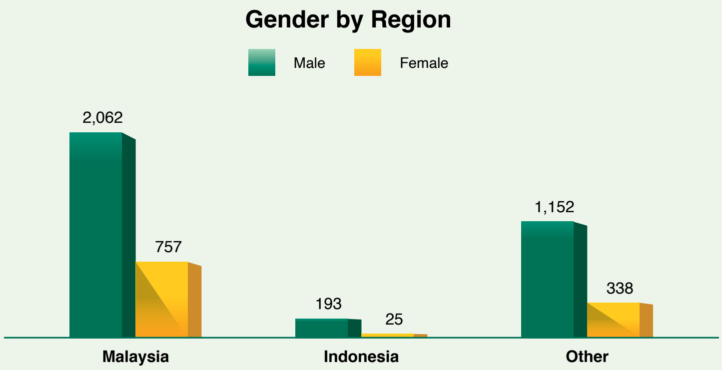
We aim to create a safe and comfortable workplace for all KLK employees and practice inclusivity and non-discrimination by race, caste, nationality, religion, marital status, union membership or political affiliation. We do not tolerate incidences of bullying and harassment of any sort. Below is the workforce statistic for KLK Oleochemicals.





Information on Employee for Oleochemicals (as at Quarter 4, FY 2022)





DIVERSITY & EQUAL OPPORTUNITY AT INDUSTRIAL CHEMICALS

In FY 2022, the percentage of female workers recorded is at 18% of total employees, comprising 48% in support services and 1% in operations. BKB Industrial Chemicals promotes diversity and encourages balanced participation of female employees in its chemical operations in line with UNSDG No. 5 on Gender Equality. However, a common pattern in the chemical manufacturing industry is that predominantly male workers are attracted to its operational activities. However, the Group aims to promote increased woman participation in operations.

In addition, we continue to promote and attract talent from the local communities in which we operate. In FY 2022, more than 90% of our staff come from the local communities, which has shown a increase over the years.

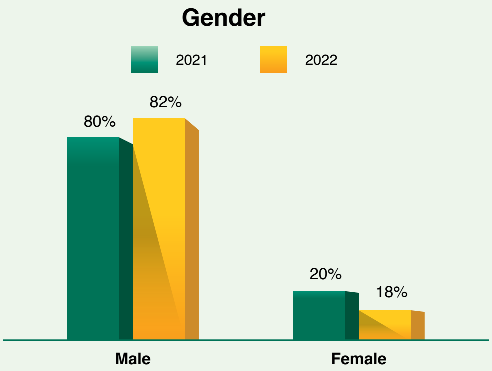
SOCIAL (Continued)

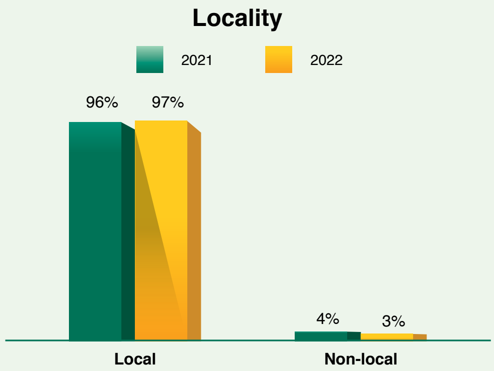
HOW DO WE CREATE VALUE? (Continued)

1. LABOUR PRACTICES AND EQUAL OPPORTUNITIES (Continued)

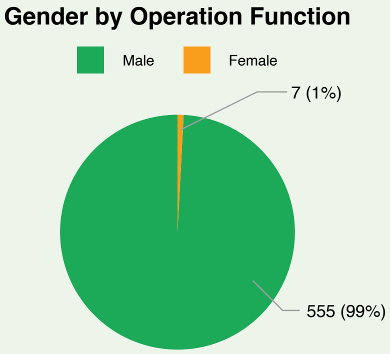
1.1 DIVERSITY & EQUAL OPPORTUNITY (Continued)

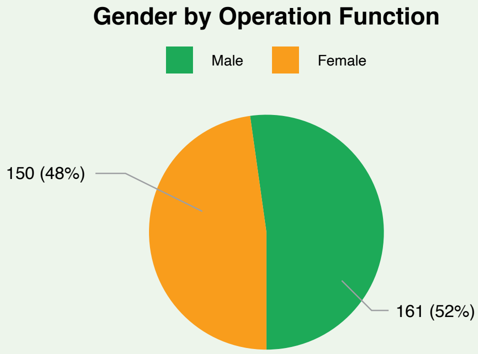
DIVERSITY & EQUAL OPPORTUNITY AT INDUSTRIAL CHEMICALS (Continued)





Information on Employee for Industrial Chemicals (as at Quarter 4, FY 2022)





1.2 LABOUR STANDARDS & HUMAN RIGHTS

The Group aims to treat all employees fairly and humanely, with respect and having zero tolerance for discrimination, harassment or bigotry. We maintain fair employment, fair remuneration and encourage diversity in all our businesses. These practices foster a healthy work culture atmosphere, creating trust in employees, suppliers and other stakeholders.

Our Group's *Code of Conduct and Ethics* sets out our Equal Opportunity and Workplace Diversity stand, in which the Group adheres to equal employment and anti-discrimination in the workplace at all times. To eliminate bias within the organisation, we strive to ensure that employment opportunities properly reflect gender, ethnicity, and any other characteristics protected by laws and regulations.

All potential candidates are given equal opportunities to become a part of our organisation. In all of our businesses and value chains, we prohibit the use of forced or bonded labour, human trafficking and any form of child labour. We expect our employees, contractors, vendors and partners with whom the Group does business to be equally committed to not tolerating such practices.

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

1. LABOUR PRACTICES AND EQUAL OPPORTUNITIES (Continued)

1.2 LABOUR STANDARDS & HUMAN RIGHTS (Continued)

Foreign Workers Survey on Labour Standards and Human Rights for Industrial Chemicals

In FY 2022, BKB Industrial Chemicals initiated a survey for foreign workers, particularly to assess their understanding on their rights relating to work as a migrant based on the 11 International Labour Organisation's indicators of forced labour checklist. Our target in assessing the baseline is to achieve a minimum of 50% response from the foreign workers. There was 86% response from 69 out of the 80 foreign workers employed by BKB Industrial Chemicals. The Group aims to conduct the survey on a yearly basis to ensure that the welfare and wellbeing of foreign workers is responsibly managed.

Subject of Labour Standards and Human Rights included in the survey are as follows:

- Prison Labour
- Freedom and Termination of Employement
- Violence, Harassment and Intimidation
- Coercion, Debt Bondage & Bonded Labour
- Disciplinary Measures
- Compulsory Overtime
- Freedom of Movement
- Skills Development and Training
- Recruitment Migration for Employment
- Employment Agencies and Contracts
- Worst Forms of Child Labour

1.3 COLLECTIVE BARGAINING

BKB Group respects employees' rights to association and collective bargaining and does not prohibit them from exercising those rights. Management's role in the Union, in collaboration with the employees, is to develop a harmonious relationship between the employees and the employer. Meetings and discussions with the Union are held when needed, and the key outcomes are generally related to dissemination of company's information, employee engagement programmes, the welfare of union members, as well as obtain feedback from the employees.

UNION AT PLANTATION AND OLEOCHEMICALS

The KLK Group is a proud proponent of its employees' Freedom of Association to protect their rights in collective bargaining. In our Plantation and Oleochemicals segments, there are a total of 9,724 employees who are union members, with 7,672 union members in Plantation and 2,052 union members in Oleochemicals. The total union members from KLK Group is equivalent to 22.6% of the total workforce in FY 2022. Their breakdown by location is as tabulated:

Location	Number of Union Members
Peninsular Malaysia	610
Indonesia (including KLK Sawit Nusantara Indonesia)	6,681
Liberia	381
KLK Oleochemicals	2,052
Total	**9,724**

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

1. LABOUR PRACTICES AND EQUAL OPPORTUNITIES (Continued)

1.3 COLLECTIVE BARGAINING (Continued)

UNIONS AT INDUSTRIAL CHEMICALS

In FY 2022, approximately 31% of our BKB Industrial Chemicals workforce are covered under worker unions of their choice and a close working relationship is maintained with unions that represent our employees. Majority of the Unions in our OCs has reached the 3-year Collective Agreement ("**CA**") renewal phase in 2022. NUPICW successfully renewed another 3-year CA in FY 2022 while NUCW and *Kesatuan Pekerja-Pekerja Malay-Sino Chemical Industries Sdn Bhd* successfully negotiated for CA renewal in November and December 2022 respectively. The CWU 3-year CA will expire in year 2024.

Unions	Total No. of Employees	
	2021	2022
National Union of Commercial Workers (NUCW)	12	30
Chemical Workers Union of Malaya (CWU)	37	11
Kesatuan Pekerja-Pekerja Malay-Sino Chemical Industries Sdn Bhd	91	97
National Union of Petroleum and Chemicals Industry Workers (NUPICW)	160	131
TOTAL	**300**	**269**

** Employees who are not covered by the Collective Bargaining Agreements have their working conditions and terms of employment defined in the Employee Handbook.*

2. OCCUPATIONAL HEALTH & SAFETY ("OSH")

BKB Group is committed to foster a safe and healthy workplace for all its employees and contractors in line with UNSDG No 3 on Good Health and Wellbeing, and UNSDG No 8 on Decent Work and Economic Growth.

A strong health and safety culture at the workplace sets the foundation for our businesses to thrive and underpins both our financial success and moral obligations. OSH also protects our Group against financial, operational and legal ramifications as these will safeguard our employees and assets, maintains trust with stakeholders and secures our future.

Apart from ISO14001 certification, BKB Industrial Chemicals' manufacturing plants [i.e. See Sen Chemical Berhad ("**See Sen**"), Malay-Sino and CCM Chemicals (Pasir Gudang and Shah Alam) plants are also accredited with ISO45001:2008 on Occupational Health and Safety Management System whilst CCM Polymers is embarking on its journey for this accreditation.

We have implemented Safety Opportunity for Improvement ("**SOFI**") across all OCs to encourage and create awareness at all levels of employees to report and find unsafe acts as well as unsafe conditions. Furthermore, 6 Safety Principles has been introduced as a backbone of the safety culture.

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. OCCUPATIONAL HEALTH & SAFETY ("OSH") (Continued)

Our 6 Safety Principles are as follows:

1. Safety is a priority
2. No injury at work
3. Strong Process safety and integrity
4. Systems and Control
5. Management of Change
6. Learning and Prevention

2.1 HEALTH & SAFETY COMMITTEE

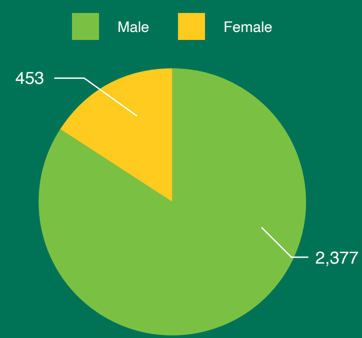
In compliance with the Occupational Safety and Health Act 1994, HSE Committees have been established in our operations sites to identify, plan and resolve OSH-related concerns.

The HSE Committees' key tasks and responsibilities include:
- Assist in the development of health and safety laws, as well as safe working procedures;
- Evaluate the effectiveness of health and safety programmes;
- Examine probable trends in accidents, near-misses, workplace poisoning or infections, and detrimental incidents;
- Report dangerous or unhealthy conditions and recommend corrective measures; and
- Evaluate HSE workplace policies, conduct safety inspection and recommend improvements as needed.

HEALTH & SAFETY COMMITTEES AT PLANTATION AND OLEOCHEMICALS

Our Safety and Health Committees in the Plantation segment meet at regular intervals to address safety concerns and beef up safety procedures as required. In FY 2022, there are a total of 2,830 Safety and Health Committee representatives across our entire Plantation segment and in KLK Oleochemicals. The gender distribution of the committee is 84% male and 16% female. OSH visits are carried out biannually to ensure that KLK sites adhere strictly to their safety procedures and local and international legislation.

FY 2022 Number of Safety and Health Committees in Plantation and Oleochemicals



SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. OCCUPATIONAL HEALTH & SAFETY ("OSH") (Continued)

2.1 HEALTH & SAFETY COMMITTEE (Continued)

HEALTH & SAFETY COMMITTEES AT INDUSTRIAL CHEMICALS

In FY 2022, there was an increased involvement of female employees in the Safety & Health Committees by 85%.

Industrial Chemicals	Male			Female			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Malaysia	78	60	117	18	20	37	**96**	**80**	**154**

2.2 OSH PERFORMANCE

OSH PERFORMANCE AT PLANTATION AND OLEOCHEMICALS

OSH policies and procedures are an important support not just for keeping KLK employees safe, but also for their customers, suppliers and anyone who enter their plants. OSH awareness training are regularly conducted to enlighten their employees on the company's current safety statistics, safety procedures based on the Malaysian Standard (MS1277:2011 – Occupational Safety and Health Management Systems), the types of injuries and occupational hazards that could occur. Rather than just relying on pure enforcement of safety procedures, employees are educated on the importance of safety at work.

Location	Accidents			Lost Days		Total Manhours Worked	LTI Frequency Rate*	LTI Severity Rate*
	Fatality	Major	Minor	Major	Minor			
PLANTATION								
Peninsular Malaysia	0	112	481	3,255	744	19,533,568	30.33	204.52
KLK Sabah	0	2	164	37	233	11,822,256	14.04	22.84
KLK Sawit Nusantara (Sabah)	0	2	17	38	45	4,971,956	3.82	14.68
Indonesia (including KLK Sawit Nusantara Indonesia)	3	219	2,570	20,942	2,971	46,202,815	60.43	517.57
Liberia	0	1	148	7	4	3,299,296	0.30	3.33
MANUFACTURING								
KLK Oleochemicals	0	8	3	362	7	6,243,084	1.76	59.11

*LTI Frequency Rate = Total incidents / 1 million man-hours worked *LTI Severity Rate = Days lost due to LTI / 1 million man-hours worked

Regrettably there were 3 recorded fatalities involving our workforce in Indonesia in this financial year. Following standard operating procedures, detailed investigations were conducted on each incident to determine what went wrong and how it can be prevented in the future. Additional safeguards were introduced and our safety procedures updated where appropriate, and financial aid were extended to the families of the deceased staff.

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. OCCUPATIONAL HEALTH & SAFETY ("OSH") (Continued)

2.2 OSH PERFORMANCE (Continued)

OSH PERFORMANCE AT INDUSTRIAL CHEMICALS

An important measure of OSH is Loss Time Injuries ("**LTIs**") Frequency. Since FY 2018, See Sen has achieved zero LTIs while Malay-Sino Kemaman has achieved Zero LTIs since FY 2019.

The table below shows relevant OSH statistics in the Group's operations (including subsidiaries):

Industrial Chemicals	No. of Fatality			LTI Frequency Rate			LTI Severity Rate		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Malaysia	1	1	0	2.93	1.88	3.32	**3.93**	**2.88**	**167.72**

*LTI Frequency Rate = Total incidents / 1 million man-hours worked

*LTI Severity Rate = Days lost due to LTI / 1 million man-hours worked

2.3 MANAGING SPILLS AND GAS RELEASE

BKB Industrial Chemicals produces a range of chemicals that may pose an environmental risk, if an uncontained spillage occurs. Our R&D laboratories, production lines and warehouses, as well as external locations where our products are transported to, are potential sources of high-risk spillage.

As a result, BKB Industrial Chemicals has implemented several preventive measures in order to prevent spillages and gas release incidents. Among the control measures implemented are as follows:

- Installation of Gate valve system at strategic locations on-site to ensure all spillages are contained immediately without discharged into external monsoon drain.
- All tank farm and production facilities have dedicated bund wall to contain any spill. Spill kits are available for emergency response. Should any spillage occur, the spillage is directed to the effluent treatment system.
- Systematic training program introduced to shopfloor personnel and forklift drivers on spillage prevention during chemical transfer, loading and unloading of chemicals.
- Operations are controlled and monitored via the Distributed Control System to enable operations personnel to identify and respond immediately to any unexpected events.
- Emergency absorption tower and scrubber system installed and meeting local regulations.
- Systematic preventive maintenance program on plant assets which include storage tank, pipeline and process equipment meeting local regulations.

2.4 DEALING WITH THE COVID-19 IMPACT ON OSH

The beginning of unprecedented COVID-19 pandemic from FY 2020 to early FY 2022 posed an array of new unique challenges to the Group's day-to-day operations and to the community as a whole.

Since the reopening of the economic sector post COVID-19, safeguards to prevent outbreaks in our offices and sites have been put in place. In FY 2022, BKB Group launched a set of guidelines for managing COVID-19 based on the requirements set out by the Ministry of Health. In addition, Manufacturing segment also established a detailed COVID-19 response standard operating procedure which details response plans, testing requirements and safety protocols in order to protect its workforce.

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. OCCUPATIONAL HEALTH & SAFETY ("OSH") (Continued)

2.4 DEALING WITH THE COVID-19 IMPACT ON OSH (Continued)

In FY 2022, the Group continued to actively address and manage the continuing risks and challenges by taking proactive measures. Priority was given to safeguarding the health and safety of our workers as well as minimising risks of supply disruptions for our customers.

All our businesses took proactive measures, including the following:

Employees

Dissemination of information and education (briefing, poster, social media)	Implementation of SOPs and Disease Emergency Response Plan at all sites	Regular sanitation, scheduled fumigation and fogging activities	Masks, sanitisers, COVID-19 testing kits & daily monitoring on COVID-19 positive confirmed cases

Customers / Suppliers / Vendors

Pre-qualification of health & COVID-19 screening	Encourage the use of multimedia and video meetings, where possible.

Community

Sharing and dissemination of health safety information	Donation for community service and welfare

3. PRODUCT QUALITY & SAFETY

We are committed to manufacture products that meet high quality and safety standards. Our customers' satisfaction with the quality and safety of our products and services is our top priority. We adhere to a strict quality assurance process to ensure that we meet the requirements of each country. This applies to the entirety of our portfolio and encompasses all aspects of our products, systems, and services.

CERTIFICATION AT PLANTATION SEGMENT

KLK Group steered and governed by their respective Quality Policies, provide products and services that meet or exceed customers' expectations while adhering to all internal and external safety, regulatory and quality requirements. Plantation industry standard certifications include:

Roundtable on Sustainable Palm Oil ("RSPO") and Roundtable Certified Sustainable Palm Oil ("CSPO")

Annual RSPO production of 633,182 MT and CSPO of 800,810 MT in Indonesia and Malaysia. RSPO Supply Chain Certification Standards compliant in all POMs and OCs since 2014

Malaysian Standard on Sustainable Palm Oil ("MSPO")

Full Certification since 2017

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

3. PRODUCT QUALITY & SAFETY (Continued)

CERTIFICATION AT PLANTATION SEGMENT (Continued)

International Sustainability and Carbon Certification ("ISCC")

21 POMs attained ISCC Certification as at 30 September 2022. Malaysia and Indonesia with production of 13,140 MT and 168,130 MT of ISCC-Certified CSPO in FY 2022, respectively

Indonesia Sustainable Palm Oil ("ISPO")

83% of estates and 88% of POMs are ISPO-Certified

CERTIFICATION AT MANUFACTURING SEGMENT

Our Industrial Chemicals and Oleochemicals products and processes have been certified as attaining world-class standards by various international bodies. We collaborate closely with government agencies such as the DOE, Ministry of Human Resources, and the Department of Occupational Safety and Health ("**DOSH**") to undertake compliance audits and site visits to validate the Group's practices in accordance with various legal requirements and standards.

In FY 2022, the majority of our OCs in BKB Industrial Chemicals are accredited with ISO certifications for quality, environmental management system as well as occupational health and safety. Malay-Sino, See Sen and CCM Chemicals have successfully obtained ISO 45001:2018 and ISO14001:2015 recertifications after their HSE integration. In addition, there are Kosher, Halal accreditation and SIRIM certification obtained, for chlor-alkali, coagulant and Oleochemicals individual products, to meet their customers' requirements.

Company	% of manufacturing plant with certification		
	ISO 9001:2015	ISO 14001:2015	ISO 45001:2018 *
CCM Polymers Sdn Bhd	100%	Not Applicable	Not Applicable
CCM Chemicals	100%	100%	100%
Malay-Sino	100%	100%	100%
Circular Agency Sdn. Bhd. & North South Transport Sdn. Bhd	100%	Not Applicable	Not Applicable
See Sen	100%	100%	100%

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

3. PRODUCT QUALITY & SAFETY (Continued)

ADDRESSING PRODUCT QUALITY & SAFETY AT INDUSTRIAL CHEMICALS

We are committed to delivering our clients with exceptional service and products while protecting their safety and health. Accordingly, steps are taken to provide customers with requirement assessments, site audits and product training. Before the first product delivery is made to a new customer, audits are made to ensure that they have adequate and proper facilities to receive our products. Details of these initiatives are outlined below:

Customer Installation Assessment

This is a requirement that must be met before the first product is delivered to a new customer.
- Before the products are delivered, the customer's installation will be evaluated to ensure that it meets the prerequisite safety standards.
- The assessment covers SHE elements to ensure a safe environment during the unloading process, product storage, handling and emergency response.
- Any gaps during the assessment will be communicated to the customer and any corrective actions will be incorporated prior to product delivery.

Product Handling Training

This includes comprehensive product safety training for customers, agents, dealers, contractors and employees.
- There are two types of product handling trainings:
  1. Comprehensive liquid chlorine training
     - A three-day programme that includes both theoretical and practical instruction in dealing with chlorine leaks from the container.
  2. Introduction to other products training
     - A two-hour classroom training at customer premises with an option of practical mock exercise on emergency handling.

Other initiatives are as follows:

Driver Management Programme

The transportation of hazardous chemicals requires sound management to prevent accidents and the exposure of chemicals to drivers and the public. We work closely with each transportation company that we engage with to ensure their commitment to this programme.

Journey Management Plan ("JMP")

A new safety initiative was the introduction of JMP for our chemical products drivers, highlighting high accident risks areas along certain road journeys.

Emergency Response Network / Chemical Emergency Service Teams

As part of our safety services, emergency response teams are available around the clock at several locations to deal with chemical emergencies or road accidents involving our chemical products. Our companies have been designated as a Subject Matter Expert by the Malaysian Fire and Rescue Department.

4. TRAINING AND DEVELOPMENT

Employees are encouraged to develop their life-long careers with BKB with the aim to bring forth their full potential and enabling satisfying careers for them. Attracting, developing and retaining high-performing employees is essential, as is equipping them with the skills needed to thrive in the long run. This begins with a talent pool of competent leaders at the helm of our organisation, fostered by supporting employees in realising their full potential and advancing within their own professions.

Talent development focuses on enhancing competencies as well as planning, selecting, and implementing development strategies. We aim to cultivate an inclusive and diverse workforce culture.

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

4. TRAINING AND DEVELOPMENT (Continued)

Relevant training and development initiatives for our employees are implemented in order to provide them with the abilities and job competencies required to excel at their jobs and improve overall operational productivity. Where suitable, virtual training sessions are held as well as small-scale physical sessions, while adhering to appropriate safety and health Standard Operating Procedures ("**SOPs**").

TRAINING AT PLANTATION

All newly hired estate executives based at OCs undertake an Introductory Course and GAP Training at our training facility, made up of three (3) modules. Recruits are initially stationed in an estate for 4-5 months as probationary estate executives and attending the first training module, followed by the second and third modules with the same 4–5-month interval.

TRAINING AT OLEOCHEMICALS

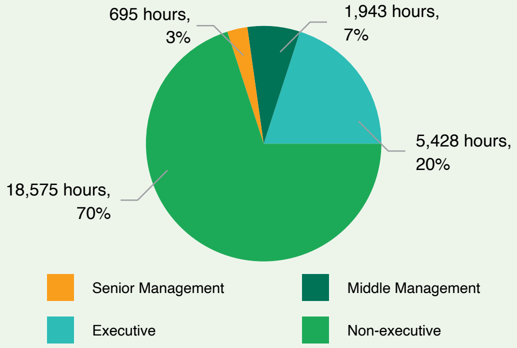
KLK Oleochemicals' training currently focuses on the development of emotional intelligence and soft skills. Generally, in comparison to the Plantation segment, most Oleochemicals employees recruited already have the technical skill sets and know-how required for their positions. Personal characteristics such as communication, teamwork, adaptability, problem solving and conflict resolution have a significant impact on workplace success. As a result, cultivating and developing these qualities is important.

TRAINING AT INDUSTRIAL CHEMICALS

In view of the nature of its business, BKB Industrial Chemicals' training focuses on HSE to ensure the safe use of chemicals in its daily operations, particularly for manufacturing employees. However, in order to ensure that employees are holistically developed, training in intrapersonal and interpersonal skills, and in professionalism and leadership skills are given. The training hours recorded includes physical face-to-face training, seminar, workshop as well as webinar training. An average of 30.69 hours training per employee in FY 2022 was given, for a total of 26,641 training hours. As part of the post acquisition reorganisation and integration of CCM in 2021, more in-house trainings were conducted in FY 2022. In addition, CCM Chemicals has launched a 'Fit For Growth' ("**F4G**") initiative aimed at process improvement and driving a continuous learning culture throughout the organisation. The hours recorded include part of the training undertaken by our F4G team for an improvement project involving the supply chain, resulting in a 73% increase in training hours recorded in FY 2022.

	2020	2021	2022
Total Employee Training Hours	9,419	15,382	26,641
Average Training Hours per Employee	15.70	17.30	30.69

Total Training Hours by Employment Category



Fire Rescue Department (Bomba) Training at Industrial Chemicals plant

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

5. COMMUNITIES

The beginnings of any community engagement require building trust. It is an acknowledgement of the communities in which we operate, as well as an opportunity to contribute to their well-being and empowerment. BKB Group recognises the significance of making contributions to the sustenance and protection of communities in which we operate. In this respect, the Group is determined to fulfil its role as a responsible corporate organisation, despite the fact that its community development activities were hindered in FY 2022 by the COVID-19 pandemic. BKB Group's community outreach programmes and contributions are focused on education, community service, the environment, health and sports.

Our contributions emphasised social development and corporate responsibility through giving back to the community by taking an active role in community development and foster a sense of unity, which contributes to our long-term social commitment to the well-being of these societies. Through effective partnerships and collaboration, our CSR programmes create value and sustainable impact to our stakeholders.

Due to unprecedented flood disasters in Klang Valley and the East Coast of Malaysia in December 2021, the BKB Group contributed to helping affected groups (both BKB employees and local communities) with humanitarian aid including donation, flooded house cleaning, and food basket programme. BKB Industrial Chemicals has also sponsored RM20,000 to Kinta Valley Symphonic Society for its Kinta Valley Wind Orchestra in conjunction with their 10th Anniversary Celebration Concert.

KLK Group donated to Persatuan Pelindung Harimau Malaysia (RIMAU) to support their patrol unit - the Menraq - as well as essential food items to 260 indigenous families living in the Royal Belum State Park in Perak. RIMAU is a non-profit organisation dedicated to saving Malayan tigers by "putting boots on the ground" with the Menraq, a specialised patrol team comprised of Jahai tribe members who have lived in the Royal Belum-Temengor forest for centuries. The Malayan Tiger, our country's national symbol, is on the verge of extinction and may become extinct within the next five to ten years, with an estimated Malayan tiger population of less than 150 in 2022. As a result, the Malayan Tiger is classified as Critically Endangered on the IUCN Red List of Threatened Species and is Totally Protected under the Wildlife Conservation Act 2010.

The Malayan Tiger - Photo courtesy of RIMAU

Furthermore, in developing the nation's sports talent, KLK has chosen to play its part by providing financial support to develop the country's sporting scene because on top of having the honour of nurturing young talent, the Group also gets an opportunity to engage with the community of sports fans and improve visibility for its products brand. In doing its part to support the nation's sports programmes and hone the skills of young Malaysian talents, KLK has in this financial year sponsored Malaysia's Mixed Badminton Doubles Players – Chan Peng Soon & Cheah Yee See and Tan Kian Meng & Lai Pei Jing as well as International Tennis Federation (ITF) Junior Players – Mitsuki Leong and Shihomi Leong.

KLK Group provides education to the children of plantation workers and marginalised comm unities in rural settings in Sabah (Malaysia), Indonesia and Liberia. KLK has spent conservatively RM5.6 million annually to manage 140 childcare and learning facilities in their plantations and thus far, more than 25,000 students have received education from these learning facilities annually. In addition, KLK has been providing scholarships to deserving and outstanding Malaysians, regardless of race or creed, to pursue undergraduate studies at public and private universities locally since 1977. This year, Yayasan KLK is awarding more than RM600,000 in scholarships to deserving Malaysian students, especially from marginalised families.

SOCIAL (Continued)

HOW DO WE CREATE VALUE? (Continued)

5. COMMUNITIES (Continued)

Donation of funds for the wellbeing of the **Poltera people, single parenting, and educational** advancement.	Regular donation of **Disinfectant Chemicals** for schools swimming pools	**Sports** engagement and donation to local authority, JKKP and BOMBA
Donation for Top Glove Foundation **Fundraising Charity** Concert	**Humanitarian** aid for affected local communities due to flood disaster	Donation for the **Sports, Welfare & Culture** Association Headquarters of the Fire and Rescue Department, Malaysia to conduct a charity screening.

5.1 SOCIO COMPLIANCES

As BKB Group strictly adheres to the law and regulations, we are pleased to report that there were no breaches in these regulations for FY 2022.

GOVERNANCE

WHY IS THIS SIGNIFICANT?

Upholding the values of ethics and integrity comes with our commitment to our stakeholders. The foundation of ethical behaviour helps create long-lasting positive effects for the business, fostering strong business relations and empowering employee productivity. As the business is run ethically, creating stronger bonds between stakeholders and instilling stability within the Company would invariably follow.

WHAT IS OUR APPROACH?

At BKB Group, we aim to uphold business ethics and implement a high standard of corporate governance. The Board is continuously identifying best practices which support the Group in building a culture of good corporate governance. Most importantly, it brings about sustainable growth to our diverse businesses and bolster shareholder value. Our key approaches in FY 2022 cover the following topics/areas:

1) Business Ethics and Integrity
2) Traceability

HOW DO WE CREATE VALUE?

1 BUSINESS ETHICS AND INTEGRITY

1.1 CODE OF CONDUCTS AND ETHICS (“CODE”)

A strong governance system protects the interests of both the business and stakeholders. The BKB Group is committed to having a well-defined and effective system of governance to promote a high level of business ethics and compliance.

In ensuring we align with the best practices, the CODE was established to support the Group’s commitment in upholding appropriate standards of ethical conduct and behaviour at all levels of the Group’s businesses. The CODE, together with other related policies, procedures and guidelines, sets out fundamental rules in defining how the Company conducts its business and set out the standards for BKB Group and its employees.

Further information on our Group’s Codes of Conduct and Policies can be found in our website *https://www.bkawan.com.my*.

GOVERNANCE (Continued)

HOW DO WE CREATE VALUE? (Continued)

1 BUSINESS ETHICS AND INTEGRITY (Continued)

1.2 GROUP ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

BKB Group is committed to acting fairly and with integrity in all its business dealings and relationships. The Group is guided by its own Group Anti-Corruption Policy in ensuring that its activities and business transactions are open, transparent and conducted in compliance with applicable laws and regulations which govern our operations in countries in which we operate. It is our policy not to practice or condone corrupt actions or bribery.

The Group has also established a Group Whistleblowing Policy whereby whistle-blowers can raise concerns in confidence, and to ensure proportionate and independent investigation is duly conducted and follow-up action is taken. The whistleblowing channel has been created to help stakeholders raise their concern, without fear of retaliation and provide protection from reprisals and victimisation in respect of whistleblowing done in good faith. Stakeholders can also raise or report concerns about any issue or suspicion of unethical conduct and corporate misdemeanours of corrupt practices and bribery. All these concerns can be addressed to the immediate superior, BKB Managing Director, or to the BKB Audit and Risk Committee Chairman for concerns which cannot be resolved through normal channels. The Group views seriously any wrongdoing on the part of any of its stakeholders. Stakeholders shall include employees, business partners, customers, contractors, suppliers, trading and joint venture partners, shareholders and members of the public, where relevant. Whistleblowing is viewed positively by the Group as a means to ensure that the standards by which BKB Group subscribes to are upheld and maintained at a high standard.

2. TRACEABILITY

Traceability is defined as the ability to identify and trace the origin, distribution, location and application of products and materials through the supply chains. In our Plantation and Oleochemicals divisions under KLK Group, traceability has become an important requirement for many of its larger customers. Thus systems have been put in place to ensure, as afr as possible, our palm products are traceable from estates to mills and refineries, and ultimately to buyers in both local and international markets.

In the pursuit of greater buy-in from our supply chain in the matter of traceability, KLK Group is committed to making the process as simple and pain-free as possible for our supply chain partners. In 2021, KLK Group introduced the online TTP Portal which was conceptualised to smoothen the process of collating data and reduce human intervention, thereby improving data accuracy as well as reducing supplier's workload. KLK Group has also adopted the No Deforestation, Peat and Exploitation ("**NDPE**") Implementation Reporting Framework Self-Assessment Tool (NDPE IRF-SAT) developed by CORE which functions as a reporting tool mainly for downstream suppliers to self-assess the proportion of their products that meet NDPE criteria in ensuring full traceability of our global supply chain. In November 2020, Earthqualiser ("**EQ**") was used for satellite monitoring of suppliers to ensure there is no deforestation, no new clearing on peatland and no fire hotspot. EQ shall provides biweekly reports and conduct regular meetings with suppliers to discuss cases whereby the suppliers are alleged to be involved in any wrongdoings.

As part of KLK Group's commitment to transparency, KLK Group have updated and publish half yearly their suppliers' list on their website at *www.klk.com.my*.

100 % Traceability to Plantations for Palm Oil Mill	100 % Traceability to Palm Oil Mills for Refineries and KCPs	80% Traceability to Plantations for Refineries and KCPs

GOVERNANCE (Continued)

HOW DO WE CREATE VALUE? (Continued)

2. TRACEABILITY (Continued)

PLANTATIONS TRACEABILITY

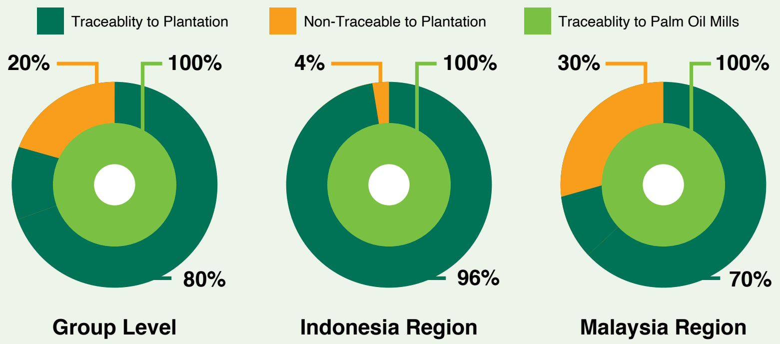
Traceability to plantations ("**TTP**") provides crucial information about the origin of palm products, which is important in providing greater transparency and the implementation of KLK Group's sustainability commitments within the supply chain. KLK Group methodology towards ensuring traceability of its products goes right up to the POMs, refineries and kernel crushing plants ("**KCP**"). In FY 2022, KLK Group has achieved a 100% traceability of products to plantation, as well as achieved 100% traceability from refineries and KCPs to the respective POMs.

OLEOCHEMICALS TRACEABILITY

KLK Oleochemicals traceability is defined as traceable to POM level for both Palm Oil based and Palm Kernel Oil based feedstock, excluding internal transfer within KLK Oleo Group of Companies, for the FY 2022. The percentages disclosed were tabulated based on the weighted average purchases for palm oil related origin processed in participating operating centers.

REFINERIES AND KERNEL CRUSHING PLANTS

Traceability to Palm Oil Mills and Plantations



The source of information shared, non-verified, included but is not limited to:

1. Supplier specific traceability disclosure: Suppliers submitted traceability information upon request for certain period, based on cloud of mills. Traceability percentage is calculated based on mills information provided.

   Should suppliers provide statements of certain percentage traceable to POM level, this was also used to represent traceability.

2. Supplier website traceability disclosure: information from supplier dashboard traceability.

3. CIF Rotterdam Traceability (CRT) Template: Specific for Europe operating centers, CRT templates were used as source of information for traceability calculation.

4. RSPO certified purchases: Declaration of mills by suppliers in the RSPO PalmTrace.

Corporate Governance Overview Statement

The Board of Directors ("**Board**") of Batu Kawan Berhad ("**BKB**" or "**Company**") recognises that sound corporate governance is essential in ensuring that the operations and objectives within the Group are driven and implemented, to enhance stakeholders' value and for long-term sustainable business prosperity and corporate accountability. The Board is continuously strengthening the corporate governance and internal controls of the Group to ensure that a high standard of corporate governance is adopted throughout the Group.

The Board is pleased to present this statement with an overview of the Group's state of corporate governance practices during the financial year 2022 ("**FY 2022**"). This overview statement explains the application by the Group of the following three (3) key principles and the practices as set out in the *Malaysian Code on Corporate Governance* ("**MCCG**"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This statement is prepared in compliance with *Main Market Listing Requirements of Bursa Malaysia* ("**Main LR**") and it is to be read together with the *Corporate Governance Report* of the Company which is available on the Company's website, *www.bkawan.com.my*.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Leadership

The Company continues to be led by an experienced, diverse and effective Board who provides strategic objectives and direction for the Group. This is to ensure its long-term success and the delivery of sustainable value to its stakeholders. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitate effective, thorough and considered discharge of the Board's statutory and fiduciary duties and responsibilities.

It is the responsibility of Management to manage the Company in accordance with the direction of and delegation by the Board, and the responsibility of the Board is focused on the Group's overall governance. The Board will ensure the implementation of strategic plans, and that accountability to the Group and its stakeholders is monitored effectively. They will oversee the activities of Management in carrying out these delegated duties.

<u>Roles and Responsibilities of the Board</u>

The Board assumes, amongst others, the following principal functions and responsibilities (which are as set out in the Board Charter):

(a) Providing leadership to the Company by:

- guiding the development of appropriate standards and values for the Company.
- acting in a manner consistent with its *Code of Conduct for Directors* and the *Code of Conduct and Ethics for the Company*.
- promoting a good corporate governance culture which reinforces ethical, prudent and professional behavior within the Company.

(b) Overseeing the development and implementation of corporate strategies by:

- working with the Senior Management team to ensure that an appropriate strategic direction and set of goals are in place.
- regularly reviewing and amending or updating the Company's strategic direction and goals to ensure that the strategic plans support long-term value creation and include strategies on economic, environmental, social and governance considerations underpinning sustainability.
- overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets.
- reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. Board Leadership (Continued)

Roles and Responsibilities of the Board (Continued)

(c) Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through its Chairman, being the key interface between the Company and its shareholders.

(d) Overseeing the control and accountability systems that seek to ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations.

(e) Ensuring effective risk management, compliance and control systems (including legal compliance) are in place.

(f) Delegating appropriate powers to the Managing Director, Management and Board Committees to ensure that the effective day-to-day management of the business and monitoring the exercise of these powers.

(g) Ensuring Senior Management has the necessary skills and experience, and that measures are in place to provide for orderly succession of members of the Board and Senior Management.

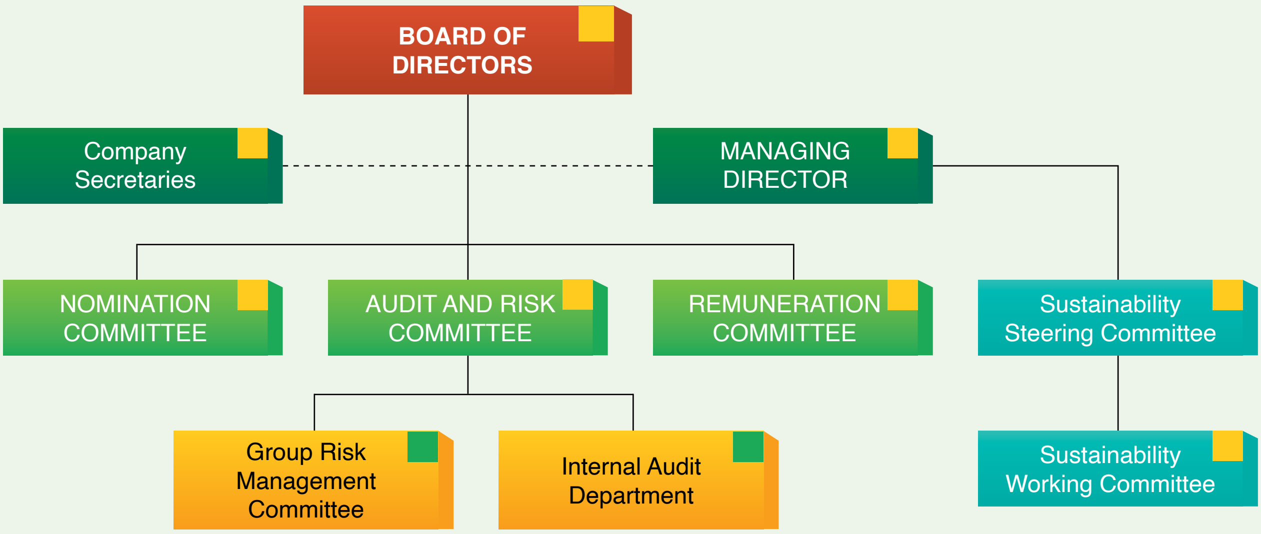
(h) Ensuring all its Directors are able to understand financial statements and can form a view on the information presented therein.

(i) Ensuring the integrity of the financial and non-financial reporting of the Company and its subsidiaries.

(j) Exercising its powers for a proper purpose and in good faith in the best interest of the Group and exercising reasonable care, skill and diligence at all times in the discharge of its duties.

The Board delegates certain of its governance responsibilities to the Board Committees, i.e. the Audit and Risk Committee, Nomination Committee and Remuneration Committee, which operate under their clearly defined *Terms of Reference*. The Chairmen of the respective Board Committees report to the Board on the outcome of their deliberations of the Board Committee meetings for final decisions.

The Group's governance model is illustrated below:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. Board Leadership (Continued)

Roles and Responsibilities of the Board (Continued)

The Board meets at least four (4) times a year, with additional meetings convened as and when necessary. The annual meeting calendar is prepared and circulated in advance of each new year in order to facilitate the Directors' time planning. During the financial year ended 30 September 2022, a total of five (5) Board meetings were held. The details of attendance of each Director at the Board meetings are as follows:

Name of Directors	Number of Meetings	
	Held[1]	Attended
Tan Sri Dato' Seri Lee Oi Hian	5	5
Dato' Lee Hau Hian	5	5
Dato' Yeoh Eng Khoon	5	5
Mr. Quah Chek Tin	5	5
Tan Sri Rastam Bin Mohd Isa	5	5
Dr. Tunku Alina Binti Raja Muhd Alias	5	5
Mr. Lee Yuan Zhang	5	5
Mr. Lim Ban Aik	5	5
Ms. Susan Yuen Su Min[2]	3	3

[1] reflects the number of meetings held during the period the Directors held office.
[2] Ms. Susan Yuen Su Min was appointed on 1 March 2022.

The Board is satisfied with the level of commitment given by the Directors in carrying out their duties and responsibilities which is evidenced by the attendance record of the Directors above.

None of the Directors hold more than five (5) directorships each in listed corporation, which complies with the Main LR.

Code of Conduct for Directors and Code of Conduct and Ethics for the Company ("**Codes**")

The Board has formalised *Code of Conduct for the Directors* and *Code of Conduct and Ethics for the Company* which govern the underlying core ethical values and commitment to high standards of integrity, transparency, accountability and corporate social responsibility as well as to promote good business conduct and to maintain a healthy corporate culture that engenders integrity, transparency and fairness in BKB. These Codes provide commitment to ethical values through the key requirements relating to conflict of interest, public representation, insider trading, confidentiality of information and compliance with law and regulations.

The Board had recently in August 2022 conducted a periodic review on the Codes in order to ensure that the contents set out in both policy documents remain current and effective. Changes were made to the Codes to reflect the latest corporate governance updates prescribed by the MCCG and Bursa Malaysia's *Corporate Governance Guide (Fourth Edition)*, as well as changes in the Group's internal governance practices.

The revised Codes are made available on the Company's website, *www.bkawan.com.my*.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. Board Leadership (Continued)

Roles of Chairman and Managing Director

The positions of the Chairman and the Managing Director are held by different individuals with clear and distinct roles which are formally documented in the *Board Charter*. The separation of roles promotes accountability and facilitates division of responsibilities between them as a check and balance mechanism. The Chairman manages the Board effectiveness and conduct, whilst the Managing Director has overall responsibility for the day-to-day management, operating units, organisational effectiveness and implementation of Board policies and decisions.

Although the Chairman of the Board is a Non-Independent Director, the Independent Directors who account for a majority of the Board ensure a good balance of power and authority on the Board. The Independent Directors further fulfill a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement.

Company Secretaries

The Board members have full access to three (3) in-house suitably competent Company Secretaries, all whom are qualified to act as company secretaries under the Companies Act 2016. The Company Secretaries are responsible for ensuring the Group's adherence and compliance with the relevant statutory and regulatory requirements. They ensure that deliberations at Board and Board Committees are properly documented and subsequently communicated to the relevant Management for their further actions.

Supply of and Access to Information and Advice

The Directors have direct and unrestricted access to all information relating to the affairs of the Group, whether as a full Board or in their individual capacity and have authority to seek external professional advice should they so require.

The Board and Management receive formal notification of Board and Board Committee meeting dates approximately one (1) month prior to the meetings. All Directors are provided with an agenda and a set of Board papers to Board meetings at least seven (7) days prior to the meetings. This would give sufficient time to the Directors to obtain further explanation/clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the following:
- quarterly financial report and a report on the Group's cash and borrowings position;
- a current review of the operations of the Group;
- minutes of meetings of all Board Committees; and
- minutes of previous Board meetings.

Monthly reports on the financial performance of the Company and the Group are also provided to the Directors for their information. All proceedings of meetings which include all material deliberations and recommendations are properly minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. Notices on the closed periods for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance of whenever the closed period is applicable.

In recognising the importance of sound and timely information flow to Board effectiveness, all announcements made to Bursa Malaysia will be circulated to all Directors on the day the announcements are released. Copies of Director's notices on changes of Director's interests and other directorships will also be given to the other Directors of the Company within the timeframe prescribed by the regulations. Senior Management is requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. Board Leadership (Continued)

Group Anti-Corruption Policy

In fostering an anti-corruption culture and ensuring that its activities and business transactions are open and transparent, the Group has in place the *Group Anti-Corruption Policy* and its *Standard Operating Procedures* ("**SOP**") which set out the Group's stance on corruption and bribery. The said policy and SOP serve as control measure for the Group's employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships. The *Group Anti-Corruption Policy* is available on the Company's website, *www.bkawan.com.my*.

During the year under review, the Risk Coordinator has conducted a corruption risk review to assess and identify vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices. Respective Operating Centre's Human Resource personnel continue to create awareness of the policies and procedures set out in the *Group Anti-Corruption Policy* and SOP.

The Group believes that robust risk management is an important element to mitigate bribery and corruption risks. Effective risk management enables the identification of emerging sustainability risks and the execution of action plans to minimise any identified risks. To this end, the Group will review the Group's anti-bribery and corruption programme every three (3) years to assess the performance, efficiency and effectiveness of the Group's anti-bribery and corruption processes and risk management system.

Group Whistleblowing Policy

The Company has adopted a *Group Whistleblowing Policy* whereby the stakeholders (including employees) can raise their concerns in confidence, without fear of retaliation, and are protected from reprisals and victimisation in respect of whistleblowing done in good faith. The Company conducts all internal investigation processes in compliance with the applicable law and with focus on accuracy, precision, fairness and respect for all parties involved, to ensure that all parties receive fair and ethical treatment. All concerns should be addressed to the immediate superior or BKB Managing Director, or to the Audit and Risk Committee Chairman for concerns which cannot be resolved through normal channels of the immediate superior or BKB Managing Director. The policy is made available on the Company's website, *www.bkawan.com.my*.

Directors' Training

The newly appointed Director has attended the Mandatory Accreditation Programme as required under the Main LR. The Directors have also attended various seminars, courses and training to keep abreast with the developments on a variety of areas relevant to the Group's business. These seminars and training programmes cover a wide range of topics, which include leadership management, corporate governance, risk management and internal control, financial reporting, tax, strategic planning, developments in the palm oil industry, finance and economic outlook, and emerging technology. The conferences, seminars and training programmes attended by Directors were as follows:

Conference / Seminar / Workshop	Presenter / Organiser
COVID Creates Unique Governance Issues	Minority Shareholders Watch Group
Audit Oversight Board Conversation with Audit Committee	Securities Commission Malaysia
Fraud Risk Management Workshop 2021	Bursa Malaysia Berhad
Overview of Environmental, Social, Governance and Climate Change	KPMG
TCFD Climate Disclosure Training Programme 101	Bursa Malaysia Berhad
TCFD Climate Disclosure Training Programme 102	Bursa Malaysia Berhad
Assessing your Organisational Culture	Iclif Executive Education Centre
How to be an Effective NED in a Disruptive World	Institute of Corporate Directors Malaysia

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. Board Leadership (Continued)

Directors' Training (Continued)

Conference / Seminar / Workshop	Presenter / Organiser
Sales Tax and Service Tax: The Journey So Far	KPMG
Asia-Pacific Board Leadership Centre – Board and Audit Committee Priorities 2021	KPMG
Nominating and Remuneration Committee: Beyond Box-Ticking and Enhancing Effectiveness	Iclif Executive Education Centre
Understanding Board Decision-Making Process	Iclif Executive Education Centre
Forum Dialogue with CEO of Bursa on Sustainability	Bursa-FIDE
Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries	MICG
Diversity Elevates Investability	30% Club, Ernst & Young
Digital Series: Data Adoption and AI to drive Business Decisions Defining Future of Work for Boards Data Privacy Comprehensibility & Trust	Institute of Corporate Directors Malaysia
Annual Dialogue with Governor of Bank Negara	FIDE Forum
15th ISP NATSEM 2022 – Addressing Challenges in Plantation Management	
Maximising the Value of Internal Audit	Singapore Institute of Directors
Invest Malaysia 2021 – Rebuilding a Sustainable Economy: Series 1 – Economic Transform Series 2 – Reviving Malaysia's Growth Engine Series 3 – Sustainable Growth	Bursa Malaysia Berhad Malayan Banking Berhad CGS-CIMB Securities Sdn Bhd J.P. Morgan Malaysia
Palm and Lauric Oils-Price Outlook Conference & Exhitbition (POC 2022)	Bursa Malaysia Derivatives Berhad
An EU-Malaysian Dialogue: Fighting Climate Change with Market Mechanisms	Climate Governance Malaysia

Board Charter

The *Board Charter* sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for their meetings. It further elaborates the division of responsibilities for the Board, Board Committees, Management, Chairman, Managing Director as well as the Independent Directors. The Board Charter is reviewed periodically and the last review was carried out in May 2022 to ensure it complies with latest legislation and best practices, and remains relevant and effective for good governance policies and processes.

The *Board Charter* is published on the Company's website, *www.bkawan.com.my*.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. Board Leadership (Continued)

Governing Sustainability

The Group is committed to operate its business in accordance with environmental, social, governance and economic responsibilities. These include working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

During the year under review, the Board together with the Sustainability Steering Committee, conducted a review of the Sustainability framework of the Group to ensure that the Group's sustainability strategies, priorities and targets are aligned and broadly monitored against the actual performance. Focus groups are formed to review periodically sustainability-related issues and seek improvement opportunities. The Board also formalised a *Group Sustainability Policy* for the purpose of communicating the Group's Sustainability approach to stakeholders. The *Group Sustainability Policy* is available on the Company's website at *www.bkawan.com.my*.

The Board continues to play an essential role in aligning its Sustainability initiatives with the strategic direction of the Group. The Directors also participated in training and/or seminars to stay abreast with and understand the sustainability issues relevant to the Company and the business, including climate-related risks and opportunities.

Further details on the sustainability reporting of the Group can be found in the Sustainability Statement as disclosed on pages 44 to 74 of this Annual Report.

II. Board Size, Composition and Diversity

For FY 2022, the Board comprised of nine (9) members, eight (8) Non-Executive Directors (including the Chairman) and one (1) Executive Director. In December 2022, in order to strengthen the Board independence, Dato' Yeoh Eng Khoon and Mr. Quah Chek Tin were re-designated to Non-Independent Directors from Independent Directors. The composition of the Board, for FY 2022 and at present, meets the requirements of Main LR of Bursa Malaysia of at least one-third (1/3) of the Board being independent.

Together, the Directors bring a wide range of competencies, capabilities, technical skills and relevant business experience. This mix of skills and experience is vital for the successful direction of the Group.

The Board recognises the need to enhance boardroom diversity which is not only about diversification in terms of gender, but in terms of age, ethnicity and social backgrounds. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender.

The appointment of Ms. Susan Yuen Su Min in March 2022 has widen the gender diversity of the Board, bringing the total number of lady Directors to two (2). The Board continues to source for suitable qualified women candidates for appointment to the Board.

Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. For FY 2022, the Board comprised of six (6) Independent Directors, one (1), Dato' Yeoh Eng Khoon, of whom the Board had designated as the Senior Independent Director ("**SID**").

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If the Board intends to retain such Independent Directors beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process. Two (2) of the Company's Independent Directors, namely Dato' Yeoh and Mr. Quah Chek Tin, are affected by these MCCG recommendations.

In December 2022, the Board approved the re-designations of Dato' Yeoh and Mr. Quah as Non-Independent Directors. Upon his re-designation, Dato' Yeoh also ceased as the SID and Dr. Tunku Alina Binti Raja Muhd Alias was appointed as the new SID. Her appointment was made after having considered her vast corporate experience serving on the board of various public listed companies and that she also fits the skillset and calibre expected of a SID.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. Board Size, Composition and Diversity (Continued)

Independent Directors (Continued)

Hence, to-date, none of the present Independent Directors of the Company has exceeded the MCCG recommendation which limits the tenure of an Independent Director to not more than nine (9) years.

The Board and its Nomination Committee have upon their assessments, concluded that the Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as set out in the Main LR.

Nomination Committee

For FY 2022, the Nomination Committee comprised exclusively of Non-Executive Directors, the majority of whom are independent, as follows:

Dato' Yeoh Eng Khoon (Chairman) – Senior Independent Non-Executive Director
Tan Sri Dato' Seri Lee Oi Hian – Non-Independent Non-Executive Director
Dr. Tunku Alina Binti Raja Muhd Alias – Independent Non-Executive Director

Upon his re-designation as a Non-Independent Director, Dato' Yeoh Eng Khoon also retired as the Chairman of Nomination Committee and was replaced by Ms. Susan Yuen Su Min on 1 December 2022. Similarly, for purposes of Board Committee rotation, Dr. Tunku Alina also retired as a Nomination Committee member and Mr. Lim Ban Aik was appointed as a member.

The Nomination Committee's key function is to establish formal and transparent policies and procedures to recruit, retain, train and develop the best available directors, and manage board renewal and succession effectively. The Nomination Committee has its own written terms of reference which deals with its authority and duties.

The Nomination Committee meets at least once a year, with additional meetings convened as and when necessary. During the financial year under review, two (2) Nomination Committee meetings were held and the attendance of the members for the meetings held are as detailed below:

Name of Directors	Number of Meeting	
	Held	**Attended**
Dato' Yeoh Eng Khoon	2	2
Tan Sri Dato' Seri Lee Oi Hian	2	2
Dr. Tunku Alina Binti Raja Muhd Alias	2	2

A summary of the activities of Nomination Committee in discharging its duties during the year under review is as follows:

(1) Reviewed and assessed the suitability of Ms. Susan Yuen Su Min for appointment as an Independent Non-Executive Director, taking into consideration her experiences, skills and personal attributes;
(2) Reviewed and assessed the performance of the re-election of Directors at the forthcoming Annual General Meeting ("**AGM**");
(4) Reviewed the composition of the Board based on its required mix of skills, experience and other qualities which are considered important by the Board;
(5) Reviewed and assessed the Board Committees in terms of size, structure and composition for compliance with the provisions of the relevant guidelines and regulations;
(7) Assessed the individual Director, overall Board and its Board Committees' performance and effectiveness as a whole;
(8) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(9) Deliberated on the latest amendments to the Main LR in relation to the tenure of Independent Directors and for strengthening of Board independence, proposed the re-designations of Dato' Yeoh Eng Khoon and Mr. Quah Chek Tin;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. Board Size, Composition and Diversity (Continued)

Nomination Committee (Continued)

(10) For Board Committees rotation, proposed changes to the composition of the Board Committees (after having assessed the suitability of Board members based on their appropriate level of expertise, experience and commitment for appointment to Board Committees);
(11) Reviewed the changes to the composition of the subsidiaries' boards;
(12) Assessed Directors' training needs to ensure all Directors receive appropriate continuous development programmes;
(13) Reviewed the succession plans of the Board and Senior Management;
(14) Review of Senior Management appointment;
(15) Review of the proposed changes to the Nomination Committee *Terms of Reference* for compliance with the amendments of the Main LR and the recommended best practices in the MCCG in relation to Directors' appointment, independence and some miscellaneous changes affecting the Nomination Committee;
(16) Review of the proposed '*Directors Fit and Proper Policy*' for adoption by the Board;
(17) Reviewed and assessed the term of office and performance, and duties carried out by the Audit and Risk Committee and each of its member.

All recommendations of the Nomination Committee are subject to endorsement and approval of the Board.

Recruitment Process and Annual Assessment of Directors

The Nomination Committee is responsible to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. Having conducted a detailed review of each Director's personal/professional profile, attendance record, training activities, character and attitude, and participation in Board meetings as well as Group functions for the year, the Nomination Committee concluded that the Directors have the requisite competence to serve on the Board and had demonstrated their commitment to the Group in terms of participation and dialogue during the year under review.

The Board, through the Nomination Committee, had conducted the annual assessment to evaluate the performance of the Board, its Board Committees and each individual Director. Based on the findings from the Board evaluation, the Board and Board Committees, as well as the individual Directors have discharged their roles and responsibilities effectively with commitment and professionalism in accordance with their respective charters and *Terms of Reference*. The Nomination Committee was satisfied with the existing composition of the Board and its Committees, and was of the view that with the current mix of skills, knowledge, experience and strength of the Directors, the Board and its Board Committees were able to discharge their duties effectively. The Nomination Committee also agreed that the Board has performed well in these challenging times and were satisfied with its overall performance, with some areas identified for improvements.

The Nomination Committee practices a clear and transparent nomination process which includes the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, deliberation by Nomination Committee and recommendation to the Board.

In accordance with the Company's *Constitution*, all Directors who are appointed by the Board are subject to re-election by shareholders at the next AGM immediately after their appointment. In accordance with the Constitution, one-third (1/3) of the Directors, including the Managing Director, is required to submit themselves for re-election by rotation at each AGM. All the Directors are subject to retirement at an interval of at least once in every three (3) years. The Directors who are standing for re-election at the forthcoming AGM are disclosed in the notice of AGM.

In order to ensure a person to be appointed or elected/re-elected as Director possesses the necessary quality and character as well as integrity, competency and commitment, the Board has in May 2022 adopted a *Directors' Fit and Proper Policy*. This policy serves as a guide for the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election. The policy is accessible on the Company's website at *www.bkawan.com.my*.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. Board Size, Composition and Diversity (Continued)

Recruitment Process and Annual Assessment of Directors (Continued)

The Nomination Committee also provides an orientation and education programme including plant visits guided by Management, for new recruits to the Board as an integral element of the process of appointing new Directors. As such, Ms. Susan Yuen Su Min underwent a comprehensive induction or orientation programme and were briefed on the Group's activities, operations and policies when appointed to the Board.

III. Remuneration

Remuneration Policy for Directors and Senior Management

The Board has put in place a formal *Remuneration Policy* to determine the remuneration of Directors and Senior Management. The objective of this policy is to help attract, recruit, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with the responsibilities of their positions and their contributions, be competitive in the industry, and encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders. In view of the various developments to the Group's key pivotal positions and remuneration/benefit packages, the policy was reviewed and updated in May 2022. The revised *Remuneration Policy* of the Company is made available at the Company's website, *www.bkawan.com.my*.

Remuneration Committee

For FY 2022, the Remuneration Committee comprised exclusively of Non-Executive Directors, the majority of whom are independent, as follows:

Dato' Yeoh Eng Khoon (Chairman) – Senior Independent Non-Executive Director
Tan Sri Dato' Seri Lee Oi Hian – Non-Independent Non-Executive Director
Mr. Quah Chek Tin – Independent Non-Executive Director

With the re-designations of Dato' Yeoh Eng Khoon and Mr. Quah Chek Tin as Non-Independent Directors in December 2022, Dato' Yeoh and Mr. Quah also retired as the Remuneration Committee Chairman and member respectively on the even date. The positions were filled by Tan Sri Rastam bin Mohd Isa as the Chairman and Mr. Lim Ban Aik as a member.

The Remuneration Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration and other terms of employment for the Board and Senior Management. The Remuneration Committee has a *Terms of Reference* which deals with its authority and duties. The *Terms of Reference* was reviewed recently in May 2022 and updated to ensure it remains relevant and effective for good governance guidance.

The Remuneration Committee meets at least once a year, with additional meetings convened as and when necessary. During the financial year under review, two (2) Committee meetings were held and the attendance of the members for the meetings held is as detailed below:

Name of Directors	Number of Meetings	
	Held	Attended
Dato' Yeoh Eng Khoon	2	2
Tan Sri Dato' Seri Lee Oi Hian	2	2
Mr. Quah Chek Tin	2	2

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. Remuneration (Continued)

Remuneration Committee (Continued)

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Director, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members to Board Committees are also paid a meeting allowance for each Committee meeting they attend. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

Details of Directors' remuneration (including benefits-in-kind) and the aggregate remuneration of Directors at the Company and Group levels during the financial year are as follows:

Company **Category**	**Fees (RM'000)**	**Salaries (RM'000)**	**Incentive (RM'000)**	**Other Emoluments^ (RM'000)**
Executive Director				
- Dato' Lee Hau Hian	-	3,630	4,960	1,450
Non-Executive Directors				
- Tan Sri Dato' Seri Lee Oi Hian	247	-	-	18
- Dato' Yeoh Eng Khoon	220	-	-	28
- Mr. Quah Chek Tin	195	-	-	24
- Tan Sri Rastam Bin Mohd Isa	170	-	-	20
- Dr. Tunku Alina Binti Raja Muhd Alias	185	-	-	24
- Mr. Lee Yuan Zhang	145	-	-	10
- Mr. Lim Ban Aik	145	-	-	10
- Ms. Susan Yuen Su Min	85	-	-	6

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. Remuneration (Continued)

Remuneration Committee (Continued)

Group Category	Fees (RM'000)	Salaries (RM'000)	Incentive (RM'000)	Other Emoluments^ (RM'000)
Executive Director				
- Dato' Lee Hau Hian	310	3,630	4,960	1,470
Non-Executive Directors				
- Tan Sri Dato' Seri Lee Oi Hian	247	5,640	8,460	2,453
- Dato' Yeoh Eng Khoon	538	-	-	61
- Mr. Quah Chek Tin	195	-	-	24
- Tan Sri Rastam Bin Mohd Isa	170	-	-	20
- Dr. Tunku Alina Binti Raja Muhd Alias	185	-	-	24
- Mr. Lee Yuan Zhang	155	528	308	221
- Mr. Lim Ban Aik	145	-	-	10
- Ms. Susan Yuen Su Min	85	-	-	6

^ *Other emoluments include meeting allowance, overseas travelling allowance, business travel, medical, insurance claim, and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties.*

The Board has endorsed that the Directors' fees would be held constant for three (3) years. However, to ensure that the Directos' fees align with appropriate peer groups and are measured against profits and other targets set in accordance with the Company's annual budget and plans, the Remuneration Committee reviews the Directors' fees annually.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Committee

For FY 2022, the Audit and Risk Committee of the Company comprised of four (4) Independent Non-Executive Directors and were appointed by the Board on the recommendation of the Nomination Committee. Upon the re-designations of Mr. Quah Chek Tin and Dato' Yeoh Eng Khoon as Non-Independent Directors in December 2022, the Board (upon recommendation of the Nomination Committee and having considered factors such as size, independence, and desired skills and qualities of the Audit and Risk Committee members) approved the changes to the Audit and Risk Committee, as follows:

Composition of the Audit and Risk Committee

FY 2022			Subsequent to FY 2022[3]		
Chairman	:	Mr. Quah Chek Tin[1]	Chairman	:	Dr. Tunku Alina Binti Raja Muhd Alias[1]
Committee Members	:	Dato' Yeoh Eng Khoon[2] Tan Sri Rastam Bin Mohd Isa[2] Dr. Tunku Alina Binti Raja Muhd Alias[1]	Committee Members	:	Mr. Quah Chek Tin[1] Ms. Susan Yuen Su Min[2] Mr. Lee Yuan Zhang[2] Mr. Lim Ban Aik[2]

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

I. Audit and Risk Committee (Continued)

Composition of the Audit and Risk Committee (Continued)

[1] Dr. Tunku Alina Binti Raja Muhd Alias was appointed as the Audit and Risk Committee Chairman to replace Mr. Quah Chek Tin who has stepped down as Chairman on 1 December 2022. Mr. Quah continues to serve and support the Audit and Risk Committee as a member.

[2] Dato' Yeoh Eng Khoon and Tan Sri Rastam Bin Mohd Isa retired as Audit and Risk Committee members on 1 December 2022 and replaced by Ms. Susan Yuen Su Min, Mr. Lee Yuan Zhang and Mr. Lim Ban Aik who were appointed on the same day.

[3] The number of members of the Audit and Risk Committee has increased to five (5), with three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The key function of the Audit and Risk Committee is to assist the Board to assess the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any conflict of interest situations and related party transactions. The role and responsibilities of the Audit and Risk Committee are governed in its *Terms of Reference* which is approved and adopted by the Board. The *Terms of Reference* was reviewed recently in May 2022 and revised to include the relevant latest recommended best practices in the MCCG which will affect or change the Audit and Risk Committee's role.

The term of office and performance of the Audit and Risk Committee and each of its members are reviewed annually by the Nomination Committee and recommended to the Board, to ensure that the Audit and Risk Committee and members have carried out their duties in accordance with their *Terms of Reference*.

Relationship with External Auditors

Through the Audit and Risk Committee, the Board has direct relationship with the External Auditors. In the third quarter of 2022, the Company's External Auditors, Messrs BDO PLT ("**BDO**") presented for the Audit and Risk Committee's review its *2022 Audit Planning Memorandum* which outlined its engagement team, audit timeline and the areas of audit emphasis. This formed part of the Audit and Risk Committee's assessment of the suitability, objectivity and independence of BDO on an annual basis. Having regard to the outcome of the annual assessment of BDO, the Audit and Risk Committee recommended to the Board for approval to re-appoint BDO as External Auditors of the Company for the financial year ending 30 September 2023 at the forthcoming AGM in 2023.

Internal Audit Function

The Directors acknowledge the responsibility of maintaining a good system of internal controls, including risk assessments, and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud or loss.

The Board is of the view that the current system of internal controls in place throughout the Group is sufficient to safeguard the Group's interests. Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control and Audit and Risk Committee Report of this Annual Report.

II. Risk Management Framework

The Group Risk Management Committee ("**GRMC**"), headed by the Managing Director, oversees the risk management efforts within the Group. It includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures. The Board and Management have formulated and adopted a formal approach towards risk management which is in compliance with the guidance issued by the relevant authorities.

During the financial year under review, a total of two (2) GRMC meetings were held and the following reviews were carried out by GRMC:

(a) Risk management operating structure and mechanisms;
(b) Group's risk registers and risk consequence rating parameters for the financial year 2022;

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

II. Risk Management Framework (Continued)

(c) Group's significant risk and Management actions;
(d) Group's risks profile summary;
(e) Top 20 operational risks by the operating centres;
(f) Group's headline risks and risk changes;
(g) Group's moderate risks within the Chemical Group of companies;
(h) Chemical Group Graphical Risk Profile Matrix, and High and Significant Risks updates;
(i) Revised *BKB Enterprise Risk Management Handbook*;
(j) Corruption Risk Profile for year 2022; and
(k) Group's Health, Safety and Environment performance and notable incidents.

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

I. Communication with Stakeholders

Shareholders represent an important group of stakeholders of the Company as they have a direct financial interest in the Company and they delegate the responsibility of managing the Company to the Directors of the Company. The Company also realises that the sustainable running of the Company is not only achieved by maximisation of the shareholders' value but also by the value the Company brings to all its other stakeholders (e.g. employees, customers, business partners, regulators, etc.). It is the Board's responsibility to develop and implement a communication policy which effectively articulates the operations of the Company to its stakeholders.

Effective Dissemination of Information

Announcements and release of financial results on a quarterly basis are posted on the Company's website, which will provide the shareholders and the investing public with an overview of the Group's performance and operations. The Company's website is freely accessible to the public at *www.bkawan.com.my* and the Directors welcome feedback channelled through the website. Investors and shareholders may also express their concerns to the Senior Independent Non-Executive Director.

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The Audit and Risk Committee has reviewed the Company's financial statements in the presence of both the External and Internal Auditors prior to recommending them for approval by the Board and issuance to the shareholders of the Company. The Audit and Risk Committee considered and addressed the significant issues highlighted by the External Auditors by adherence to the appropriate accounting standards and policies.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All applicable financial reporting standards in Malaysia which the Audit and Risk Committee has discussed and agreed with the External Auditors to be applicable have been followed, subject to any explanations disclosed in the notes to the financial statements.

Corporate Disclosure Policy and Procedures

The Company and the Group are committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. Importance is also placed on timely and equal dissemination of material information to the stakeholders, media and regulators. In this respect, the Company has in place a *Corporate Disclosure Policy and Procedures* to ensure that communications with the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The *Corporate Disclosure Policy and Procedures* is available on the Company's website, *www.bkawan.com.my*.

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

II. Conduct of General Meetings

The AGM which is held in February each year, provides a means of communication with shareholders. The Company despatches its Annual Report to shareholders at least twenty-one (21) days before the meeting. This allows the shareholders to thoroughly review the Annual Report as well as make necessary arrangements to attend the meeting and participate in person or by corporate representative, proxy or attorney. Shareholders who are unable to attend are allowed to appoint a proxy to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

The Company had conducted a virtual AGM in February 2022 by leveraging technology in accordance with the *Companies Act 2016*, the Company's *Constitution* and Securities Commission's *Guidance and FAQs on the Conduct of General Meetings for Listed Issuer*. All eight (8) Directors were present in person to engage directly with the shareholders at the meeting. Shareholders were advised to take advantage of the remote participation and voting facilities as a precautionary measure in view of the ongoing COVID-19 pandemic. Shareholders were also encouraged to send in their questions prior to the AGM via email or through the online platform provided by the Company. To ensure transparency, questions submitted in advance by the Minority Shareholders Watch Group together with the Group's response were presented to the shareholders at the meeting.

An independent external party was appointed as scrutineers for the electronic poll voting process. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the AGM is released to Bursa Malaysia on the same meeting day. The AGM proceedings is available on the Company's website, *www.bkawan.com.my*.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("**Board**") of Batu Kawan Berhad ("**BKB**" or "**Company**"), in compliance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's ("**Bursa Malaysia**") *Main Market Listing Requirements*, is pleased to provide the following *Statement on Risk Management and Internal Control* ("**Statement**"). Preparation of the Statement, which outlines the nature and scope of risk management and internal control of the Group during the year, is guided by '*Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*' as required by Bursa Malaysia.

This Statement does not cover associates and joint ventures where risk management and internal control are managed by the respective Management teams.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound risk management and internal control system at BKB to safeguard the interests of shareholders, customers, employees and the Group's assets. The Board also recognises that such systems are designed to manage the Group's risks within an acceptable level, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

Whilst the Board remains responsible over risk management and internal controls, the task of scrutinizing the framework is taken up by the Audit and Risk Committee ("**ARC**").

CONTROL ENVIRONMENT & ACTIVITIES

- **Risk Management Framework**

  A formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives.

  The Group has in place an ongoing process for identifying, measuring, assessing and managing the principal risks that affect the attainment of the Group's business objectives and goals for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

  The ARC is supported by the Group Risk Management Committee ("**GRMC**"), headed by the Managing Director in overseeing the risk management efforts within the Group, and ensuring the effectiveness of the risk management policies and processes. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures, determining the corresponding risk mitigation and treatment measures, ensuring appropriate mitigating actions have been implemented, and presenting key matters to the ARC for review and deliberation. Minutes of the ARC meetings which recorded these deliberations were presented to the Board for approval and notation.

  These ongoing processes are co-ordinated by the Risk Management unit in conjunction with all the business heads within the Group and with periodic reporting to the GRMC which in turn reports to the ARC.

  The Group's risks relating to Kuala Lumpur Kepong Berhad, its main subsidiary, is managed by Kuala Lumpur Kepong Berhad's own GRMC. The principal risks include sustainability risks, market and commodity prices risks, operational risks and cybersecurity risk. These principal risks for the year ended 30 September 2022 ("**FY 2022**") have been reviewed by Kuala Lumpur Kepong Berhad's Board.

Statement on Risk Management and Internal Control (Continued)

CONTROL ENVIRONMENT & ACTIVITIES (CONTINUED)

- **Risk Management Framework (Continued)**

The principal risks for FY 2022 have been reviewed by the Board as follows:

(a) Business and Operation Risks

The Group's daily business activities may be disrupted by plant breakdowns, IT systems failure, cyber-attacks and fire. To mitigate risks that may cause interruption to critical business functions, appropriate systems with adequate capacity, security arrangements, facilities and resources have been put in place, and the Emergency Response Team is properly trained to contain and control leakages or fire. The Group adhered strictly to the safety and sustainability policies which consider the changing risk landscape to manage industrial risks. To mitigate the financial impact, these plants are adequately insured.

(b) Regulatory Risks

The Group businesses are governed by relevant laws, regulations and standards. Each business unit adhered strictly to the legislative requirements and, as and when needed, assesses the impact of new laws and regulations affecting its businesses to ensure its processes and infrastructure setting are able to operate under new requirements.

(c) Financial and Credit Risks

The Group is exposed to foreign currency exchange, interest rate, credit, price and liquidity risks. With the objective of optimising value creation for shareholders, the strategies adopted to manage these risks were mostly to minimise potential adverse impact to the financial performance of the Group. These include entering into forward foreign currency exchange contracts, adherence to the guidelines on authorisation levels and approval limits, credit evaluation and controls, and financial risk management policies. There is also a constant review of economic conditions and commodity pricing to mitigate adverse implications to business operations.

(d) Investment Risk

The Group has embarked on various projects and investments which include spending on capital expenditures for its business units, plants and machineries, and financial market. These activities are managed through careful planning, feasibility study, thorough financial analysis, market survey, capital expenditure approvals and close monitoring by the project management team to ensure the investments are viable and meet their objectives.

(e) Marketing Risk

Selling prices and demand for products remain volatile that leads to market fluctuations, driven by the global and highly inter-connected business environment. To mitigate risks of destabilised prices of products and commodities, Management continues to optimise supplies, preserve product quality and strive to attain low production cost.

(f) Cybersecurity Risk

The Group is exposed to cyber threats such as the risk of malware, ransomware, unauthorised access, corruption and/or loss of its information assets. To manage these risks, controls have been put in place to manage and protect the confidentiality, integrity and availability of data and critical infrastructure. Among others, adequate IT industry standard network security layers, encryption protocols, virus scanning tools and application are in place to protect and secure the accessibility to the Group's IT environment. Any notifications and alerts received for suspicious network traffic were investigated. Continuous security awareness trainings are provided to the employees to ensure IT security protocols are adhered to Disaster Recovery Plan ("**DRP**") has been implemented to recover and protect the business IT infrastructure in adverse events.

CONTROL ENVIRONMENT & ACTIVITIES (CONTINUED)

- **Risk Management Framework (Continued)**

  (g) Climate Change Risk

  Accelerated by the impacts of global warming driven by human emissions of greenhouse gases, climate change including erratic weather patterns such as prolonged dry weather and severe flooding along with rising sea levels, may pose significant risks to businesses and their supply chains. To alleviate effects of climate change, the plantation segment is committed to no deforestation by ensuring new developments are protective over flora and fauna while manufacturing operating centres circumvented flood disaster at flood prone areas through proper drainage systems and adequate flood insurance coverage.

  (h) COVID-19 Development

  Management keeps abreast on the development of national COVID-19 Standard Operating Procedure ("**SOP**") and guidelines to protect the employees' health and safety, and business operations. Periodic communication has been practised throughout the Group and relevant procedures are reviewed to ensure sufficient measures are in place in tandem with SOP and guidelines announced by Ministry of Health of Malaysia.

- **Board Meetings**

  The Board meets at least quarterly and has a formal agenda on matters for discussion. The Managing Director leads the presentation of board papers and provides explanations on pertinent issues. In arriving at any decision, on recommendation by Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a timely and regular basis.

  Internal control and risk-related matters which required the review and approval of the Board were recommended by the ARC, and approval and matters or decisions made within the ARC's purview were escalated to the Board for its notation.

- **Organisational Structures with Formally Defined Responsibility Lines and Delegation of Authority**

  Organisational structures with formally defined responsibility lines and authorities are in place to facilitate quick response to changes in the evolving business environment, effective supervision of day-to-day business conduct and accountability for operational performance. Capital and non-capital expenditures and acquisition and disposal of investments are subject to appropriate approval processes.

- **Performance Management Framework**

  Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management in performing financial and operating reviews on the various operating centres. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

  The Group has in place a well-defined budgeting process that supports the performance management framework.

- **Operational Policies and Procedures**

  Documented policies and procedures form an integral part of the internal control systems to safeguard shareholders' investment and Group's assets against material losses and ensure complete and accurate financial information. The documents consist of circulars, the standard operating manuals and the standard policy and procedures that are continuously being revised and updated to meet operational needs.

- **Group Whistleblowing Policy**

  A *Group Whistleblowing Policy* ("**Policy**") has been established to provide clarity of oversight of the whistleblowing process, protection and the confidentiality provided to whistleblowers. The Policy provides a protocol to employees and stakeholders to raise genuine possibilities of improprieties, malpractices and misconduct within the Group for remedial action. This Policy is available on the Company's website at *www.bkawan.com.my*.

CONTROL ENVIRONMENT & ACTIVITIES (CONTINUED)

- **Integrity and Anti-Corruption**

  As a responsible corporation, the Group is committed to fostering an anti-corruption culture and to ensure that its activities and transactions are open, transparent and are conducted with integrity and in accordance with policies and the applicable laws in which it operates.

  The Board is kept abreast of the Group's anti-corruption initiatives and compliance programmes via periodic reporting. Where applicable, the requirements of the Group's existing policies, systems and procedures in relation to anti-bribery and anti-corruption are extended to the Group's agents, counterparties and business partners to ensure that anti-corruption and anti-bribery initiatives are applied throughout the Group's supply chain.

  The *Group Anti-Corruption Policy* outlines the Group's approach in combating bribery and corruption in order to guide the Group's employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships. The Group's stance in combating corruption is publicly available on the Company's website at *www.bkawan.com.my*, via the *Group Anti-Corruption Policy* together with the Group's *Code of Conduct and Ethics* and other relevant policies and procedures. Training and awareness session are conducted across the Group to remind staff the importance of integrity and Group's stand on anti-corruption. As part of the Group's ongoing commitment, Anti-Corruption training is provided by Human Resource Department during on-boarding of new employees.

- **Group Internal Audit**

  The Internal Audit Department, which reports directly to the ARC, conducts reviews on the internal controls and the effectiveness of the processes that are in place to identify, manage and report risks. Their Internal Audit personnel are free from any conflict of interest with the Company. Their audit practices are guided by *Professional Internal Auditing Standards* (as prescribed by the Institute of Internal Auditors, Malaysia). Routine reviews are being conducted on operating centres under the Group's business segments in accordance with a risk-based audit plan approved annually by the ARC. Root-cause analysis are conducted with appropriate recommendations made to address the issues and weaknesses highlighted and are subsequently followed up upon to ensure proper implementation.

  The Internal Audit Department is governed by the internal audit charter which states the purpose and scope of work, independence, responsibility and the authority accorded to the Internal Audit Department.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement to the scope set out in the Audit and Assurance Practice Guide ("***AAPG***") *3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for FY 2022, and reported to the ARC that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on *Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*; or

(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the *Directors' Statement on Risk Management and Internal Control* covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is operating satisfactorily and no material losses were incurred as a result of internal control weaknesses or adverse compliance events.

The Managing Director and Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. Management will continue to review and take measures to ensure the on-going effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investments and the Group's assets.

This Statement was approved by the Board of Directors on 9 December 2022.

Audit and Risk Committee Report

The Board is pleased to present the report of the Audit and Risk Committee ("**Committee**") for the financial year ended 30 September 2022 ("**FY 2022**").

The Audit Committee of Batu Kawan Berhad ("**BKB**") was established in 1993. In 2018, the Audit Committee was renamed the 'Audit and Risk Committee', to align with the expanded functions of the Audit Committee to include risk oversight responsibilities. The *Terms of Reference* of the Committee was also revised and expanded to include the additional roles and functions conducted by the Committee. The Committee will assist the Board of Directors of BKB ("**Board**") in carrying out, amongst others, the responsibility of overseeing the BKB Group's operating, audit, strategic and compliance risk.

COMPOSITION AND MEETINGS

For FY 2022, the Committee comprised four (4) members, all of whom are Independent Non-Executive Directors and were appointed by the Board. Subsequent to FY 2022 in December 2022, in compliance with the *Main Market Listing Requirements* of Bursa Malaysia ("**Main LR**") and for strengthening of Board independence, Mr. Quah Chek Tin and Dato' Yeoh Eng Khoon were re-designated to Non-Independent Directors. As a result of the re-designations, the Board (upon recommendation of the Nomination Committee) approved the changes to the Committee as follows:

Composition of the Committee

FY 2022			**Subsequent to FY 2022**[3]		
Chairman	:	Mr. Quah Chek Tin[1]	Chairman	:	Dr. Tunku Alina Binti Raja Muhd Alias[1]
Committee Members	:	Dato' Yeoh Eng Khoon[2]	Committee Members	:	Mr. Quah Chek Tin[1]
		Tan Sri Rastam Bin Mohd Isa[2]			Ms. Susan Yuen Su Min[2]
		Dr. Tunku Alina Binti Raja Muhd Alias[1]			Mr. Lee Yuan Zhang[2]
					Mr. Lim Ban Aik[2]

1 *Dr. Tunku Alina Binti Raja Muhd Alias was appointed as the Committee Chairman to replace Mr. Quah Chek Tin who has stepped down as Chairman on 1 December 2022. Mr. Quah continues to serve and support the Committee as a member.*
2 *Dato' Yeoh Eng Khoon and Tan Sri Rastam Bin Mohd Isa retired as Committee members on 1 December 2022 and were replaced by Ms. Susan Yuen Su Min, Mr. Lee Yuan Zhang and Mr. Lim Ban Aik who were appointed on the same day.*
3 *The number of members of the Committee has increased to five (5), with three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.*

The Committee carried out their duties in accordance with their *Terms of Reference*.

The Committee convened five (5) meetings during FY 2022. The members of the Committee and their attendance at the meetings, are as follows:

Name of Directors	**Number of Meetings**	
	Held[1]	**Attended**
Dr Tunku Alina Binti Raja Muhd Alias (Chairman)[2] *- Senior Independent Non-Executive Director*	5	5
Mr. Quah Chek Tin[2] *- Non-Independent Non-Executive Director*	5	5
Dato' Yeoh Eng Khoon[3] *- Non-Independent Non-Executive Director*	5	5
Tan Sri Rastam Bin Mohd Isa[3] *- Independent Non-Executive Director*	5	5
Ms. Susan Yuen Su Min[3] *- Independent Non-Executive Director*	-	-
Mr. Lee Yuan Zhang[3] *- Non-Independent Non-Executive Director*	-	-
Mr. Lim Ban Aik[3] *- Independent Non-Executive Director*	-	-

COMPOSITION AND MEETINGS (Continued)

[1] *Reflects the number of meetings held during the period the Committee members held office.*
[2] *Dr. Tunku Alina Binti Raja Muhd Alias was appointed as the Committee Chairman to replace Mr. Quah Chek Tin who has stepped down as Chairman on 1 December 2022. Mr. Quah Chek Tin remains as a Committee member.*
[3] *Dato' Yeoh Eng Khoon and Tan Sri Rastam Bin Mohd Isa retired as Committee members on 1 December 2022 and replaced by Ms. Susan Yuen Su Min, Mr. Lee Yuan Zhang and Mr. Lim Ban Aik who were appointed on the same day.*

Mr. Quah Chek Tin is a member of the Malaysian Institute of Accountants. The Committee, therefore, fulfills the requirement of having at least one (1) member being a qualified accountant pursuant to the Main LR.

The Committee meets regularly and the Chief Financial Officer, Internal Audit Department and occasionally, representatives of the External Auditors, attend these meetings. Other members of the Board may attend the meetings upon the invitation of the Committee. During the year under review, the total number of meetings held included the meeting between the members of the Committee and representatives of the External Auditors without the presence of Management.

The Company Secretaries are the Secretaries of the Committee. The Secretaries shall maintain minutes of the proceedings of the meetings of the Committee and distribute such minutes to each member of the Committee and the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

In line with the key functions in its *Terms of Reference* of the Committee, the following activities were carried out by the Committee during FY 2022 in the discharge of its functions and duties:

1) **Financial Reporting**

(a) Reviewed and reported to the Board the Group's quarterly results and year-end financial statements prior to the approval by the Board.
(b) Discussed with Management and the External Auditors in the review of the Group's quarterly results and year-end financial statements, amongst others, the accounting policies that were applied, the use of key accounting estimates and the exercise of Management's judgement in the process of applying the Group's accounting policies that may affect the financial results and position.
(c) Reviewed the audit reports for the Group and the Company prepared by the External Auditors and considered the major findings by the External Auditors and Management's responses thereto.
(d) Reviewed the audit plans for the Group and the Company for the year which were prepared by External Auditors.
(e) Reviewed the audit and non-audit fees of External Auditors of the Group.

2) **Risk Management and Internal Control**

(a) Reviewed the Group's procedures on internal controls and ensure that appropriate arrangements are in place for matters relating to financial reporting and financial control.
(b) Reviewed and assessed the scope and effectiveness of the systems established by Management to identify, assess, manage and monitor financial and non-financial risks.
(c) Reviewed the Group Risk Management Committee's meeting minutes and reports, and deliberated on the principal risks highlighted and the controls to mitigate the risks.
(d) Reviewed the annual Statement on Risk Management and Internal Control and Internal Audit Function to be published in the Annual Report for Board's approval.
(e) Reviewed the Group's Corruption Risk Assessment exercise which assessed and identified vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices.

3) **Internal Audit**

(a) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its responsibilities.
(b) Reviewed the audit findings which were circulated to the Committee. The summary of key findings was then presented in the Committee meetings, where the Committee members deliberated the adequacy and effectiveness of internal controls based on the findings and outcome of the audits conducted.

SUMMARY OF ACTIVITIES OF THE COMMITTEE (Continued)

3) **Internal Audit (Continued)**

(c) Reviewed the risk-based annual internal audit plan and its progress updates to ensure adequate scope and coverage on its activities.
(d) Reviewed the division of work covered by the Internal Audit Department and Sustainability teams, particularly on the assessment of ESG risks.

4) **External Audit**

(a) Reviewed the annual performance assessment, including the suitability and independence of the External Auditors. Factors taken into consideration of the assessment include:
   (i) seeking reassurance that the auditors and their staff have no family, financial, employment, investment or business relationship with the BKB Group (other than in the ordinary course of business); and
   (ii) seeking from the audit firm, on an annual basis, information about policies and processes for maintaining their independence and monitoring compliance with relevant requirements, including requirements regarding rotation of audit partners and staff.
(b) Reviewed with the External Auditors their audit plan, the nature and scope of the audit, prior to the commencement of audit and to ensure coordination with the audit firms of subsidiaries.
(c) In the third quarter of 2022, the External Auditors, BDO PLT presented for the Committee's review its *2022 Audit Planning Memorandum* which outlined its engagement team, audit timeline and the areas of audit emphasis. This formed part of the Committee's assessment of the suitability, objectivity and independence of BDO PLT on an annual basis. Having regard to the outcome of the annual assessment of BDO PLT, the Committee recommended the Board for approval to reappoint BDO PLT as External Auditors of the Company for the financial year ending 30 September 2023 at the forthcoming Annual General Meeting in 2023.
(d) Met with the External Auditors once without the presence of Management to exchange free and honest views and opinions on audit issues. There were no major concerns raised by the External Auditors at the meeting.
(e) Reviewed with the External Auditors on the following and reported the same to the Board:
   (i) audit report, including the key issues which arose during the course of the audit and subsequently have been resolved and those issues that have been left unresolved;
   (ii) External Auditors' management letter and Management's response thereto;
   (iii) evaluations of the system of internal controls;
   (iv) audit approach, including coordination of audit efforts with internal auditors and assistance given by the employees to the External Auditors; and
   (v) key audit matters and significant audit findings reported by the External Auditors.

5) Reviewed related party transactions entered into by the Group, including the review and monitoring of recurrent related party transactions for which shareholders' mandate has been granted, to ensure that:

(a) such transactions were carried out on normal commercial terms and were not prejudicial to the interest of the Company or its minority shareholders;
(b) adequate oversight over the internal control procedures with regard to such transactions; and
(c) compliance with the *BKB Policy on Related Party Transactions*, Chapter 10 of the Main LR, *Financial Reporting Standard 124* and the *Companies Act 2016*.

6) Reviewed and revised in May 2022 its *Terms of Reference* to include the relevant latest recommended best practices in the *Malaysian Code on Corporate Governance*. The revised *Terms of Reference* is available on the Company's website at *www.bkawan.com.my*.

7) Reviewed the Audit and Risk Committee Report for inclusion in the Annual Report before submitting for Board's approval.

INTERNAL AUDIT FUNCTION

The Company has an independent in-house Internal Audit Department whose principal responsibility is to assess and report to the Board, through the Committee, the robustness of internal control of the Company. Currently, there are two (2) Internal Auditors including one (1) Internal Auditor onboarded in October 2022. The Internal Audit Department's main audit scope covers the operating centres under the industrial chemical subsidiaries and other investments. The Company's Internal Audit Department is also supported by the Internal Audit Division of its subsidiaries, Kuala Lumpur Kepong Berhad, which has 71 experienced audit personnel.

The main responsibilities of the Internal Auditors are to:

- Assist in reviewing the adequacy, integrity and effectiveness of the Group's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;
- Support the Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritised action plan to further enhance the internal control;
- Identify the key business processes within the Group and the Company that internal audit should focus on; and
- Allocate necessary resources to selected areas of audit in order to provide Management and the Committee an effective and efficient level of internal audit coverage.

An annual internal audit plan is presented to the Committee for approval. The internal audit function adopts a risk-based approach and prepares the plan based on the risk profiles of the business units of the Group.

The activities of the Internal Audit Department that were carried out are as follows:

(a) Undertook internal audit based on the audit plan that had been reviewed and approved by the Committee which includes the review of operational compliance with established internal control procedures and reliability of financial records.
(b) Conducted investigations with regards to specific areas of concern as directed by the Committee and Management.
(c) Assessed key business risks at each business unit and performed continuous monitoring of those risks via risk validation procedures and reviewing supporting documentations.
(d) Issued and presented quarterly internal audit report summaries to the Committee during the year, on the Group's operating centres with appropriate audit recommendations.

Great importance is placed on effective and fair communication with auditees and other stakeholders. Open channels of communications are maintained to facilitate this. In striving for continuous improvement, the Internal Audit Department endeavours to put in place appropriate action plans and carry out necessary assignments to further enhance the Group's internal control. Its resources and manpower requirements are reviewed on a regular basis to ensure the function can discharge its duties effectively. The costs incurred for the Group Internal Audit function for FY 2022 were RM7,525,200.

Additional Compliance Information

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the External Auditors and its affiliates, by the Group during the financial year are as follows:

	Group RM'000	Company RM'000
Audit Fees	2,944	131
Non-Audit Fees (assurance related services)	62	14

MATERIAL CONTRACTS

There was no material contract other than in the ordinary course of business entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the aggregate value of the recurrent transactions of a revenue or trading nature conducted for the financial year under review between the Company and/or its subsidiaries [excluding Kuala Lumpur Kepong Berhad ("**KLK**") and its subsidiaries where such information is disclosed in KLK's Annual Report) with related parties is set out below, except for types of transaction with nil aggregate value:

Company	Type of Transactions	Related Party and nature of relationship	Transactions Aggregate Value RM'000
Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**") Group	Sale and purchase of finished goods, raw materials, other products and services including transportation services	Taiko Marketing Sdn. Bhd. ("**TMK**") Group <u>Interested Directors*</u> Tan Sri Dato' Seri Lee Oi Hian ("**LOH**") Dato' Lee Hau Hian ("**LHH**") <u>Interested Major Shareholders#</u>	235,805
See Sen Chemical Berhad ("**See Sen**")	Purchase of raw materials, finished goods, other products and services	TMK Group <u>Interested Directors*</u> LOH, LHH	12,503
	Sale of finished goods and other products and services	<u>Interested Major Shareholders#</u>	54,607

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Continued)

Company	Type of Transactions	Related Party and nature of relationship	Transactions Aggregate Value RM'000
Chemical Company of Malaysia ("**CCM**") Group	Sale and purchase of finished goods, raw materials, other products and services including transportation services	TMK Group Interested Directors* LOH, LHH Interested Major Shareholders#	31,474
Batu Kawan Berhad ("BKB") Group	**TMK Group**	**TOTAL**	**334,389**
Malay-Sino Group	Purchase and sale of products and services which relate to core chemical business	Taiko Marketing (Singapore) Pte Ltd ["**TMK(S)**"] Interested Directors* LOH, LHH Interested Major Shareholders#	27,485
See Sen	Purchase of raw materials, finished goods, other products and services	TMK(S) Interested Directors* LOH, LHH Interested Major Shareholders#	-
CCM Group	Purchase of raw materials, finished goods, other products and services	Interested Directors* LOH, LHH Interested Major Shareholders#	15,025
BKB Group	**TMK(S)**	**TOTAL**	**42,510**
Malay-Sino Group	Sale and purchase of raw materials, finished goods, other products and services including transportation services	Chlor-Al Chemical Pte Ltd ("**CAC**") Interested Directors* LOH, LHH Interested Major Shareholders#	2,580
See Sen	Purchase and sale of products and services	CAC Interested Directors* LOH, LHH Interested Major Shareholders#	598

Additional Compliance Information (Continued)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Continued)

Company	Type of Transactions	Related Party and nature of relationship	Transactions Aggregate Value RM'000
CCM Group	Purchase and sale of products and services	CAC Interested Directors* LOH, LHH Interested Major Shareholders#	15,426
BKB Group	**CAC**	**TOTAL**	**18,604**
See Sen	Purchase and sale of products and services	Taiko Chemical Industries Sdn. Bhd. ("**TCI**") Group Interested Directors* LOH, LHH Interested Major Shareholders#	11,633
BKB Group	**TCI Group**	**TOTAL**	**11,633**
See Sen	Sale of electricity and provision of other chemical-based products and services	BASF See Sen Sdn Bhd ("**BASF See Sen**") Interested Directors* LOH, LHH Interested Major Shareholders#	10,702
BKB Group	**BASF See Sen**	**TOTAL**	**10,702**
PT. Satu Sembilan Delapan ("**PT SSD**")	Sale of fresh fruit bunches ("**FFB**") and palm products Purchase of FFB and palm products	KLK Group Interested Directors* LOH, LHH Interested Major Shareholders#	24,066 34,569
BKB Group	**KLK Group**	**TOTAL**	**58,635**

The above recurrent related party transactions of a revenue or trading nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of BKB.

Note:

* *Persons connected to the Interested Directors are also deemed interested in the Recurrent Related Party Transactions.*

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Continued)

Note: (Continued)

\# *The Grateful Blessings Foundation ("**Foundation**") (who holds the entire issued and paid-up capital of Grateful Blessings Inc) was founded by LOH who has a deemed interest by virtue of Section 8(4) of the Companies Act 2016. However, he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members who are discretionary beneficiaries of the Foundation and whose interest is held subject to the discretion of the Foundation Council. Grateful Blessings Inc is a substantial shareholder of Di-Yi Sdn Bhd. Cubic Crystal Corporation [whose entire issued and paid-up capital is held by High Quest Anstalt (founded by LHH)] is a substantial shareholder of High Quest Holdings Sdn Bhd. Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd are substantial shareholders of Wan Hin Investments Sdn Berhad ("**WHI**") and Arusha Enterprise Sdn Bhd, major shareholders of the Company. Accordingly, all these parties are major shareholders by virtue of their deemed interests and have interest in the related recurrent party transactions.*

Details of the nature of relationship with Related Parties are as follows:

1. See Sen

(a) See Sen is a 61% subsidiary of BKB.
(b) Certain BKB Directors, LHH (who is also a Major Shareholder of BKB), Dato' Yeoh Eng Khoon ("**DYEK**") (who is a Substantial Shareholder of BKB with no shareholding in See Sen) and Mr. Lee Yuan Zhang (son of LHH) are directors of this company.
(c) WHI, a company in which LOH and LHH have interests, is a substantial shareholder of See Sen. WHI is also a major shareholder of BKB.

2. TCI Group

TCI is a person connected with LOH and LHH, who are Directors of BKB as their brother, Dato' Lee Soon Hian ("**LSH**"), is a major shareholder of TCI.

3. TMK(S) / CAC

These companies are companies in which LSH is a deemed major shareholder.

4. TMK Group

TMK is a company in which LSH is a major shareholder.

5. Malay-Sino Group

(a) Malay-Sino is a 98% subsidiary of BKB.
(b) LHH and Mr. Lee Yuan Zhang who are BKB Directors are also directors of Malay-Sino.

6. CCM Group

(a) CCM is a wholly-owned subsidiary of BKB.
(b) A BKB Director, LHH is also a director of CCM.

7. BASF See Sen

BASF See Sen is a 30% associate of See Sen.

8. KLK Group

(a) KLK is 47% subsidiary of BKB based on assessment performed under *MFRS 10 Consolidated Financial Statements*.
(b) Certain BKB Directors, LOH and LHH are directors and major shareholders of KLK.
(c) A BKB Director and substantial shareholder, DYEK is also a director of KLK.
(d) WHI, Di-Yi Sdn Bhd, High Quest Holdings Sdn Bhd, Cubic Crystal Corporation, High Quest Anstalt, Grateful Blessings Inc and The Grateful Blessings Foundation are major shareholders of KLK.

Reports and Audited Financial Statements

Report of the Directors

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are as disclosed in Note 41 to the financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details of the Company's subsidiaries, associates and joint ventures are as disclosed in Note 41 to the financial statements.

SUMMARY OF RESULTS

	Group RM'000	Company RM'000
Profit before taxation	3,445,078	715,818
Taxation	(860,852)	(7,469)
Profit for the year	2,584,226	708,349
Attributable to:		
Equity holders of the Company	1,174,346	708,349
Non-controlling interests	1,409,880	-
	2,584,226	708,349

DIVIDENDS

The amounts paid by way of dividends by the Company since the end of the previous financial year were:

(a) a final single tier dividend of 90 sen per share amounting to RM354,687,626 in respect of the financial year ended 30 September 2021 was paid on 3 March 2022; and

(b) an interim single tier dividend of 20 sen per share amounting to RM78,712,372 in respect of the financial year ended 30 September 2022 was paid on 4 August 2022.

On 9 December 2022, the Directors declared the payment of a final single tier dividend of 90 sen per share amounting to RM354,054,000 for the year ended 30 September 2022 which will be paid on 2 March 2023. The entitlement date for the dividend shall be 20 February 2023.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the statements of changes in equity, Notes 32 and 34 to the financial statements.

ISSUED AND PAID-UP CAPITAL

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

TREASURY SHARES

During the financial year, the Company bought back a total of 1,070,000 of its issued shares from the open market for a total cost of RM26,066,000. Details of the shares bought back and retained as treasury shares were as follows:

Month	No. of shares bought back	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share RM	Total consideration RM'000
October 2021	137,700	22.36	22.30	22.33	3,079
November 2021	161,000	22.10	21.34	21.63	3,488
December 2021	156,800	22.30	21.40	22.23	3,491
January 2022	40,000	22.80	22.70	22.76	913
February 2022	65,600	25.30	23.20	24.29	1,598
March 2022	310,500	26.30	25.90	26.07	8,111
April 2022	16,400	26.10	26.10	26.10	429
May 2022	182,000	27.38	26.96	27.18	4,957
	1,070,000				26,066

As at 30 September 2022, the Company retained as treasury shares a total of 5,973,600 of its issued share capital of 399,535,463. Such treasury shares are held at a carrying amount of RM109,399,652 and further details are disclosed in Note 31 to the financial statements.

The mandate given by the shareholders at the Annual General Meeting ("AGM") held on 17 February 2022 to approve the Company's plan to repurchase its own shares will expire at the forthcoming AGM and an ordinary resolution will be tabled at the forthcoming AGM for shareholders to renew the mandate for another year.

DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Seri Lee Oi Hian ^
Dato' Lee Hau Hian ^
Dato' Yeoh Eng Khoon ^
Mr. Quah Chek Tin
Tan Sri Rastam Bin Mohd Isa
Dr. Tunku Alina Binti Raja Muhd Alias ^^
Mr. Lee Yuan Zhang ^
Mr. Lim Ban Aik
Ms. Susan Yuen Su Min (appointed on 1 March 2022)

^ Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian, Dato' Yeoh Eng Khoon and Mr. Lee Yuan Zhang are also directors of the Company's subsidiaries.

^^ Dr. Tunku Alina, who was also a director of a subsidiary of the Company, had resigned from that subsidiary during the financial year.

DIRECTORS OF SUBSIDIARIES

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report are:

Abd Hadi Bin Manas
Afridah Binti Ahmad
Akhmad Haris Suharto, SH
Al Hakim Hanafiah
Albert Su Sing Yong
Apputhasamy Rathman +
Arif Sugandi
Arifin Susilo Adiasa
Arota G Telaumbanua.IR
Aw Chung Cheong
Azman Hanafi Bin Abdullah
Baskaran a/l Rengasamy
Boon Yen Fei *
Bruce Counsel
Chai Chew Yoon *
Chen Chee Hee
Chong Choong Khim
Choy Chean Yen +
Chua Boon Hook
Chuah Kay Kian
Damin

Report of the Directors (Continued)

Datin Nabilah Binti Mahiaddin
Dato' Tan Thean Thye
Datuk Dr. Choo Yuen May +
Datuk Victor Wong Chet Sing
David Chong Eng Tee +
Dinakaran a/l Madhavan
Dr Khew Mei Ching +
Dr. Kee Khan Kiang
Drs. Sunarjo Musa
Edwin Soesilo Adiasa
Ellen Maria Koster
Fakhrul-Azman Bin Nawi *
Fatimah Binti Merican +
Foong Huey Yuan
Francesco di Filippo
Francis Sandanaraj a/l John Joseph
Gea Ban Peng
Geoffrey Collins
Goh Keng Ee
Goo Swee Eng @ Goh Swee Eng
Guy Alexander Bessant
Hanif Zakwan Bin Zaifuddin
Har Wai Ming
Hasfizal Bin Mukhtar
Hitoshi Sasaki
Ho Tze Sung *
Indra Gunawan
Janaki Raman a/l Shanmugam
Jarrod Quah Swee Jin
Jasvinder Singh a/l Joginder Singh
Johari Bin Salleh
Joseph Tek Choon Yee +
Juhari Bin Ahmad *
Jusman Bahudin
Kanapathi Rao Al A Natchana
Kei Mutsuo +
Khern Tuan Chee +
Klaus H. Nottinger
Kong Kwok Lum
Kook Hui Ling **
Kow Tiat Yong
Kuay Cheow Kwee
Kunalan Thamudaran
Lee Guo Zhang
Lee Nyit Kean
Lee Toong Hian
Lee Tze Ian
Lee Wen Ling
Leong Kin Wing
Leong Sean Meng +
Leong Tat Loong *
Liew Yau Poh +
Lim Chian
Lim Fu Yen
Lim Kiam Chye
Lim Shen Wei
Lim Teng Hong
Ling Ping Sheun Arthur
Madhev a/l Bala Subramaniam +
Mah Fak Chin
Mardiana Rahayu Binti Tukiran
Mark Bramer
Md. Nasrudin Bin Ismail
Mohmad Azman Bin Abdul Majid
Murali a/l Thomas *
Ng Jia Jia ++
Ng Seng Chueng
Nico Tahir
Nik Fazila Binti Nik Mohamed Shihabuddin +
Nik Myshani Bin Nik Mohammed
Noor Ahmir Bin Ramlan
Nor Azlan Bin Zulkifli
Norbaiti Bin Jarabe
Ong Kuan Aik
Ooi Liang Hin
Ooi Yew Hua *
Oscar Lee Kim Law *
Own Boon Aik *
Pang Pik Kuang
Patrick Kee Chuan Peng +
Patrick Ng Hong Chuan
Philo Dellano *
Pines Ltd
Pung Kok Hooi +
Pushpanathan a/l S. A. Kanagarayar +
Raghunathan a/l V.G.Nair +
Ralf Ewering
Ravindra Panchalingam
Redzwan Bin Subari
Rozi Bin Ibrahim
Samsudin Bin Tukimin
Sandra Segran V Kenganathan +
Saniman Bin Md Apandi *
Saparudin Bin Rabayani
Sashi Nambiar
Satoshi Hirohara
Shirley Goh +
Shivaganesh Kuppusamy
Stephen Hii King Vie
Subramaniam a/l Kumarasamy **
Sundrakumar a/l Raju
Suresh Uni +
Tai Woon Chein *
Takatsugu Sumitani
Tan Chee Heng
Tan Kei Yoong +
Tan Poh Teck
Tan Sri Dato' Yap Suan Chee
Tan Sri Dato' Hj Esa Bin Hj Mohamed
Tang Kok Hong
Teh Kwan Wey
Teo Cheng Pow
Teo Tai Wang +
Tham Yoke Ling *
Thomas Thomas
Tiang Kon Tang +
Tschuor Adrian
Tukimin
Uwe Halder
Velayuthan a/l Tan Kim Song +
Vemal Venugopal Naidu
Venodh Selvam a/l Kalaselvam *
Veronica Lusi Herdiyanti
Vijayakumar a/l Sathivalu *
Walter Eric Salisbury Bryant
Wan Azlan Bin Wan Abdul Rashid
Wan Azmiruddin Bin Wan Fadzir
William Ong Eng San *
Willie Wong Chik Hing
Wishnu Handika +
Wong Kim Sun
Wong Shew Yam @ Norman Wong
Wong Shew Yee @ Eric
Xia Jian Jun
Yap Miow Kien
Yaskam Yahya +
Yeoh Gim Khoon
Yow Boon Beng
Zamir Affandi Bin Zakaria +
Zamri Bin Yusof +

* Appointed during the financial year.
** Appointed after the financial year but before the date of this report.
\+ Resigned during the financial year.
\+\+ Resigned after the financial year but before the date of this report.

Report of the Directors (Continued)

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in the Company and its subsidiaries were as follows:

	Balance as at 1 October 2021	Additions	(Disposals)	Balance as at 30 September 2022
	Number of shares			
Company: **Batu Kawan Berhad**				
Direct interest				
Tan Sri Dato' Seri Lee Oi Hian	1,623,328	42,100	-	1,665,428
Dato' Lee Hau Hian	1,583,444	-	-	1,583,444
Dato' Yeoh Eng Khoon	323,564	-	-	323,564
Lee Yuan Zhang	10,271	-	-	10,271
Lim Ban Aik	6,200	-	-	6,200
Deemed interest				
Tan Sri Dato' Seri Lee Oi Hian	218,590,309	-	-	218,590,309
Dato' Lee Hau Hian	215,924,419	-	-	215,924,419
Dato' Yeoh Eng Khoon	22,105,474	-	-	22,105,474
Lim Ban Aik	5,000	-	-	5,000
Subsidiary: **Kuala Lumpur Kepong Berhad**				
Direct interest				
Tan Sri Dato' Seri Lee Oi Hian	73,112	78,000	-	151,112
Dato' Lee Hau Hian	84,536	-	-	84,536
Dato' Yeoh Eng Khoon	340,176	-	-	340,176
Dr. Tunku Alina Binti Raja Muhd Alias	1,000	-	-	1,000
Lim Ban Aik	11,000	-	-	11,000
Deemed interest				
Tan Sri Dato' Seri Lee Oi Hian	511,619,496	3,568,000	-	515,187,496
Dato' Lee Hau Hian	511,526,496	3,568,000	-	515,094,496
Dato' Yeoh Eng Khoon	4,838,476	-	-	4,838,476

By virtue of their deemed interests in the shares of the Company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of all the subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries as disclosed in Note 41 to the financial statements.

Other than as disclosed above, the other Directors who held office at the end of the financial year did not have any interest (whether direct or deemed) in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefits (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the Group's financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any deemed benefits that may accrue to certain Directors by virtue of the normal trading transactions by the Group and the Company with related parties as disclosed in Note 38 to the financial statements.

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

Report of the Directors (Continued)

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 September 2022 were as follows:

	Group RM'000	Company RM'000
Fees provided	2,030	1,392
Other emoluments	27,743	10,145
Benefits-in-kind	72	35
	29,845	11,572

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Group are covered under the Directors' and Officers' Liability Insurance Policy ("the Policy") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the Policy. The total amount of directors' and officers' liability insurance effected for the Directors and Officers of the Group was RM18 million.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

(a) all known bad debts have been written off and adequate provision made for doubtful debts; and

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

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

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

(b) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

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

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

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

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

(b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year except as disclosed in Note 40 to the financial statements.

Report of the Directors (Continued)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, BDO PLT 201906000013 (LLP0018825-LCA) & AF0206, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 September 2022 were as follows:

	Group RM'000	Company RM'000
Statutory audit	4,368	131
Assurance related services	186	14
Non-audit services	2	-
	4,556	145

Signed on behalf of the Board in accordance with a resolution of the Directors dated 9 December 2022.

DATO' LEE HAU HIAN
(Managing Director)

DATO' YEOH ENG KHOON
(Director)

Statements of Profit or Loss
For The Year Ended 30 September 2022

		Group		Company	
		2022	2021	**2022**	2021
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	4	**28,223,929**	20,717,928	**761,251**	472,573
Cost of sales		**(22,903,249)**	(17,109,895)	**-**	-
Gross profit		**5,320,680**	3,608,033	**761,251**	472,573
Other operating income		**519,890**	863,139	**44,142**	89,698
Distribution costs		**(519,589)**	(464,119)	**-**	-
Administrative expenses		**(901,381)**	(646,710)	**(14,693)**	(16,304)
Net reversals of impairment of financial assets		**13,486**	3,447	**-**	-
Other operating expenses		**(789,770)**	(344,242)	**(38,616)**	(16,951)
Operating profit	5	**3,643,316**	3,019,548	**752,084**	529,016
Finance costs	6	**(397,207)**	(266,363)	**(36,266)**	(24,448)
Share of profits of equity accounted associates, net of tax		**148,303**	292,956	**-**	-
Share of profits of equity accounted joint ventures, net of tax		**50,666**	39,865	**-**	-
Profit before taxation		**3,445,078**	3,086,006	**715,818**	504,568
Taxation	9	**(860,852)**	(546,422)	**(7,469)**	(777)
Profit for the year		**2,584,226**	2,539,584	**708,349**	503,791
Attributable to:					
Equity holders of the Company		**1,174,346**	1,146,934	**708,349**	503,791
Non-controlling interests		**1,409,880**	1,392,650	**-**	-
		2,584,226	2,539,584	**708,349**	503,791
		Sen	Sen	**Sen**	Sen
Basic/Diluted earnings per share	10	**298.1**	289.6	**179.8**	127.2

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

Statements of Other Comprehensive Income
For The Year Ended 30 September 2022

	Group		Company	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Profit for the year	**2,584,226**	2,539,584	**708,349**	503,791
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss, net of tax				
Currency differences arising from translation of net investments in foreign entities	**182,827**	202,533	**-**	-
Share of other comprehensive income/(loss) in associates	**112,610**	(62,827)	**-**	-
	295,437	139,706	**-**	-
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss, net of tax				
Net changes in fair value of equity instruments at fair value through other comprehensive income	**26,306**	158,085	**226**	975
Share of other comprehensive income in associates	**63,420**	65,300	**-**	-
Gain/(Loss) on remeasurement of defined benefit plans (Note 34)	**71,573**	(3,838)	**-**	-
	161,299	219,547	**226**	975
Total other comprehensive income for the year	**456,736**	359,253	**226**	975
Total comprehensive income for the year	**3,040,962**	2,898,837	**708,575**	504,766
Attributable to:				
Equity holders of the Company	**1,404,542**	1,326,985	**708,575**	504,766
Non-controlling interests	**1,636,420**	1,571,852	**-**	-
	3,040,962	2,898,837	**708,575**	504,766

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

Statements of Financial Position

As At 30 September 2022

		Group		Company	
	Note	**2022 RM'000**	2021 RM'000	**2022 RM'000**	2021 RM'000
Assets					
Property, plant and equipment	12	**12,613,544**	11,520,015	**638**	676
Right-of-use assets	13	**1,401,384**	1,381,622	**1,210**	-
Investment properties	14	**6,881**	7,170	**-**	-
Inventories	15	**1,991,597**	2,035,257	**-**	-
Goodwill on consolidation	16	**446,181**	437,357	**-**	-
Intangible assets	17	**100,193**	129,906	**-**	-
Investments in subsidiaries	18	**-**	-	**1,660,009**	1,590,863
Investments in associates	19	**2,381,817**	1,795,476	**-**	-
Investments in joint ventures	20	**424,316**	343,423	**-**	-
Other investments	21	**782,365**	803,190	**68,129**	67,904
Other receivables	22	**428,863**	446,418	**-**	-
Amounts owing by subsidiaries	18	**-**	-	**369,735**	163,910
Deferred tax assets	23	**334,887**	350,777	**-**	-
Total non-current assets		**20,912,028**	19,250,611	**2,099,721**	1,823,353
Inventories	15	**4,141,014**	3,080,319	**-**	-
Biological assets	24	**211,912**	212,989	**-**	-
Trade receivables	25	**2,073,376**	2,103,096	**-**	-
Other receivables, deposits and prepayments	26	**863,651**	1,228,950	**2,196**	2,811
Amounts owing by subsidiaries	18	**-**	-	**3,007**	5,201
Contract assets	27	**83,186**	7,448	**-**	-
Tax recoverable		**61,192**	40,497	**254**	11
Derivative financial assets	28	**545,729**	162,486	**-**	-
Short-term funds	29	**267,937**	253,444	**200,039**	38
Cash and cash equivalents	30	**3,201,583**	3,529,227	**211,721**	140,920
Total current assets		**11,449,580**	10,618,456	**417,217**	148,981
Total assets		**32,361,608**	29,869,067	**2,516,938**	1,972,334
Equity					
Share capital	31	**507,587**	507,587	**507,587**	507,587
Reserves	32	**7,268,999**	5,906,031	**1,099,807**	824,632
		7,776,586	6,413,618	**1,607,394**	1,332,219
Less: Cost of treasury shares	31	**(109,400)**	(83,334)	**(109,400)**	(83,334)
Total equity attributable to equity holders of the Company		**7,667,186**	6,330,284	**1,497,994**	1,248,885
Non-controlling interests		**9,264,281**	8,621,107	**-**	-
Total equity		**16,931,467**	14,951,391	**1,497,994**	1,248,885
Liabilities					
Deferred tax liabilities	23	**1,167,024**	1,016,689	**-**	-
Lease liabilities	13	**158,527**	134,081	**1,026**	-
Deferred income	33	**90,149**	98,465	**-**	-
Provision for retirement benefits	34	**496,646**	572,717	**67**	50
Borrowings	35	**7,724,349**	6,217,293	**500,000**	500,000
Total non-current liabilities		**9,636,695**	8,039,245	**501,093**	500,050
Trade payables	36	**1,057,413**	939,050	**-**	-
Other payables	37	**1,174,959**	1,911,374	**17,138**	13,945
Amount owing to subsidiaries	18	**-**	-	**525**	454
Contract liabilities	27	**142,625**	121,098	**-**	-
Deferred income	33	**8,628**	8,598	**-**	-
Lease liabilities	13	**25,630**	29,443	**188**	-
Borrowings	35	**2,682,318**	3,407,619	**500,000**	209,000
Tax payable		**157,557**	223,082	**-**	-
Derivative financial liabilities	28	**544,316**	238,167	**-**	-
Total current liabilities		**5,793,446**	6,878,431	**517,851**	223,399
Total liabilities		**15,430,141**	14,917,676	**1,018,944**	723,449
Total equity and liabilities		**32,361,608**	29,869,067	**2,516,938**	1,972,334

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

Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2022

	← Attributable to the equity holders of the Company →									
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 October 2020	507,587	(23,957)	771,417	(25,443)	525,067	-	4,122,259	5,876,930	6,744,349	12,621,279
Net change in fair value of equity instruments	-	-	-	-	86,793	-	-	86,793	71,292	158,085
Realisation on fair value of equity instruments	-	-	-	-	3,722	-	(3,725)	(3)	3	-
Transfer of reserves	-	-	6,502	-	-	-	(6,502)	-	-	-
Share of comprehensive (loss)/income in associates	-	-	-	(29,657)	-	-	30,918	1,261	1,212	2,473
Loss on remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	-	(1,943)	(1,943)	(1,895)	(3,838)
Currency differences arising from translation of net investments in foreign entities	-	-	214	93,729	-	-	-	93,943	108,590	202,533
Total other comprehensive income for the year	-	-	6,716	64,072	90,515	-	18,748	180,051	179,202	359,253
Profit for the year	-	-	-	-	-	-	1,146,934	1,146,934	1,392,650	2,539,584
Total comprehensive income for the year	-	-	6,716	64,072	90,515	-	1,165,682	1,326,985	1,571,852	2,898,837
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	18,272	18,272
Purchase of shares from non-controlling interests	-	-	-	-	-	-	-	-	(250,470)	(250,470)
Redemption of redeemable preference shares	-	-	108,029	-	-	-	(104,236)	3,793	(3,793)	-
Shares buy back	-	(59,377)	-	-	-	-	-	(59,377)	(13,920)	(73,297)
Employees' share grant scheme	-	-	-	-	-	-	-	-	2,392	2,392
Acquisition through business combination	-	-	-	-	-	-	-	-	1,562,854	1,562,854
Effect of deemed acquisition of shares in a subsidiary	-	-	-	-	-	-	(117,016)	(117,016)	(3,144)	(120,160)
Effect of changes in shareholdings in a subsidiary	-	-	390	29	189	171	(20,983)	(20,204)	(53,246)	(73,450)
Effect of deemed disposal of shares in an associate	-	-	-	1	-	-	(1)	-	-	-
Unconditional Mandatory General Offer on acquisition of a subsidiary	-	-	-	-	-	(443,326)	-	(443,326)	(491,722)	(935,048)
FY2020 final dividend paid	-	-	-	-	-	-	(158,428)	(158,428)	-	(158,428)
FY2021 interim dividend paid	-	-	-	-	-	-	(79,073)	(79,073)	-	(79,073)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(462,317)	(462,317)
Total transactions with owners of the Company	-	(59,377)	108,419	30	189	(443,155)	(479,737)	(873,631)	304,906	(568,725)
At 30 September 2021	507,587	(83,334)	886,552	38,659	615,771	(443,155)	4,808,204	6,330,284	8,621,107	14,951,391
	← Note 31 →		← Note 32 →							

Consolidated Statement of Changes in Equity (Continued)

For The Year Ended 30 September 2022

	← Attributable to the equity holders of the Company							→		
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 30 September 2021	507,587	(83,334)	886,552	38,659	615,771	(443,155)	4,808,204	6,330,284	8,621,107	14,951,391
Net change in fair value of equity instruments	-	-	-	-	22,131	-	-	22,131	4,175	26,306
Realisation on fair value of equity instruments	-	-	-	-	(58,615)	-	58,615	-	-	-
Transfer of reserves	-	-	48,083	-	-	-	(48,083)	-	-	-
Share of comprehensive income in associates	-	-	-	53,750	-	-	30,271	84,021	92,009	176,030
Gain on remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	-	34,200	34,200	37,373	71,573
Currency differences arising from translation of net investments in foreign entities	-	-	711	89,133	-	-	-	89,844	92,983	182,827
Total other comprehensive income/(loss) for the year	-	-	48,794	142,883	(36,484)	-	75,003	230,196	226,540	456,736
Profit for the year	-	-	-	-	-	-	1,174,346	1,174,346	1,409,880	2,584,226
Total comprehensive income/(loss) for the year	-	-	48,794	142,883	(36,484)	-	1,249,349	1,404,542	1,636,420	3,040,962
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Purchase of shares from non-controlling interests	-	-	-	(683)	-	383,633	(13,054)	369,896	(482,887)	(112,991)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(6,400)	(6,400)
Shares buy back	-	(26,066)	-	-	-	-	-	(26,066)	-	(26,066)
Employees' share grant scheme	-	-	-	-	-	-	-	-	5,859	5,859
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Effect of changes in shareholdings in subsidiaries	-	-	(493)	543	(108)	-	(37,534)	(37,592)	(41,486)	(79,078)
Expiry of unconditional Mandatory General Offer on acquisition of a subsidiary	-	-	-	-	-	59,522	-	59,522	66,068	125,590
FY2021 final dividend paid	-	-	-	-	-	-	(354,688)	(354,688)	-	(354,688)
FY2022 interim dividend paid	-	-	-	-	-	-	(78,712)	(78,712)	-	(78,712)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(747,599)	(747,599)
Total transactions with owners of the Company	-	(26,066)	(493)	(140)	(108)	443,155	(483,988)	(67,640)	(993,246)	(1,060,886)
At 30 September 2022	507,587	(109,400)	934,853	181,402	579,179	-	5,573,565	7,667,186	9,264,281	16,931,467
	← Note 31 →		← Note 32 →							

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

Statement of Changes in Equity of the Company
For The Year Ended 30 September 2022

	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 October 2020	507,587	(23,957)	48,731	32,555	476,081	1,040,997
Net change in fair value of equity instruments	-	-	975	-	-	975
Total other comprehensive income for the year	-	-	975	-	-	975
Profit for the year	-	-	-	-	503,791	503,791
Total comprehensive income for the year	-	-	975	-	503,791	504,766
Shares buy back	-	(59,377)	-	-	-	(59,377)
FY2020 final dividend paid	-	-	-	-	(158,428)	(158,428)
FY2021 interim dividend paid	-	-	-	-	(79,073)	(79,073)
Total transactions with owners of the Company	-	(59,377)	-	-	(237,501)	(296,878)
At 30 September 2021	507,587	(83,334)	49,706	32,555	742,371	1,248,885
Net change in fair value of equity instruments	**-**	**-**	**226**	**-**	**-**	**226**
Total other comprehensive income for the year	**-**	**-**	**226**	**-**	**-**	**226**
Profit for the year	**-**	**-**	**-**	**-**	**708,349**	**708,349**
Total comprehensive income for the year	**-**	**-**	**226**	**-**	**708,349**	**708,575**
Shares buy back	**-**	**(26,066)**	**-**	**-**	**-**	**(26,066)**
FY2021 final dividend paid	**-**	**-**	**-**	**-**	**(354,688)**	**(354,688)**
FY2022 interim dividend paid	**-**	**-**	**-**	**-**	**(78,712)**	**(78,712)**
Total transactions with owners of the Company	**-**	**(26,066)**	**-**	**-**	**(433,400)**	**(459,466)**
At 30 September 2022	**507,587**	**(109,400)**	**49,932**	**32,555**	**1,017,320**	**1,497,994**
	← Note 31	→	←	Note 32	→	

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

Consolidated Statement of Cash Flows
For The Year Ended 30 September 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before taxation	**3,445,078**	3,086,006
Adjustments for:		
Depreciation of property, plant and equipment	**943,283**	647,078
Depreciation of right-of-use assets	**63,176**	50,842
Depreciation of investment properties	**289**	796
Amortisation of intangible assets	**29,676**	11,216
Amortisation of deferred income	**(8,653)**	(8,436)
Impairment of property, plant and equipment	**43,313**	95,170
Property, plant and equipment written off	**6,997**	2,481
Gain on disposal of property, plant and equipment	**(2,919)**	(177)
Surplus on government acquisition of land	**(4,049)**	(11,209)
Surplus on disposal of land	**(3,698)**	(151,433)
Surplus on disposal of shares in a subsidiary (Note C)	**(2,119)**	-
Surplus on disposal of other investments	**-**	(15,467)
Fair value gain arising from changes in equity interest in an associate	**-**	(324,260)
Fair value surplus of an ordinary investment which was previously an associate	**-**	(12,606)
Negative goodwill from acquisition of shares in a sub-subsidiary	**-**	(2,941)
Impairment of investment in an associate	**-**	39
Provision for retirement benefits	**71,215**	21,323
Impairment of trade receivables	**661**	5,613
Trade receivables written off	**4,730**	45
Reversal of impairment of trade receivables	**(22,146)**	(6,361)
Impairment of other receivables	**7**	21
Other receivables written off	**6,348**	-
Impairment of plasma project receivables	**8,586**	795
Plasma project receivables written off	**-**	3,256
Reversal of impairment of other receivables	**(72)**	(765)
Reversal of impairment of plasma project receivables	**(523)**	(2,789)
Write down of inventories to net realisable value	**288,040**	35,722
Write back of slow moving inventories	**(429)**	(3,005)
Write back of inventories previously written down to net realisable value	**(7,410)**	(16,146)
Finance costs	**391,472**	261,435
Lease interest expense (Note D)	**5,735**	4,928
Dividend income	**(38,670)**	(50,174)
Interest income	**(72,532)**	(58,814)
Exchange loss/(gain)	**1,350**	(69,624)
Net change in fair value of derivatives	**(73,825)**	76,057
Net change in fair value of biological assets	**15,646**	(48,704)
Net change in fair value of debt instruments	**(2,754)**	615
Loss on remeasurements and modifications of leases	**-**	17
Loss/(Gain) on termination of leases	**129**	(55)
Employees' share grant schemes	**5,859**	2,392
Share of profits of equity accounted associates, net of tax	**(148,303)**	(292,956)
Share of profits of equity accounted joint ventures, net of tax	**(50,666)**	(39,865)
Operating profit before working capital changes	**4,892,822**	3,190,060
Working capital changes:		
Inventories	**(1,287,976)**	(911,230)
Biological assets	**(12,376)**	(5,688)
Trade and other receivables	**446,109**	(929,260)
Contract assets	**(75,738)**	2,828
Trade and other payables	**284,955**	462,301
Contract liabilities	**18,966**	31,872
Deferred income	**500**	519
Cash generated from operations	**4,267,262**	1,841,402
Interests received	**9,110**	5,461
Interests paid	**(399,473)**	(264,252)
Tax paid	**(943,738)**	(270,989)
Retirement benefits paid	**(52,042)**	(38,967)
Net cash generated from operating activities	**2,881,119**	1,272,655

Consolidated Statement of Cash Flows (Continued)
For The Year Ended 30 September 2022

	2022 RM'000	2021 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,308,506)**	(918,727)
Purchase of right-of-use assets	**(15,470)**	(6,375)
Addition to investment properties	**-**	(26)
Property development expenditure	**(8,695)**	(37,837)
Purchase of shares in subsidiaries, net of cash acquired (Note B)	**(303,834)**	(1,770,832)
Purchase of additional shares in subsidiaries	**(75,270)**	(259,288)
Purchase of additional shares in an associate	**(479,062)**	(39,795)
Subscription of shares in joint ventures	**(26,023)**	(23,255)
Purchase of shares from non-controlling interests	**(922,449)**	(250,470)
Purchase of other investments	**(27,823)**	(45,058)
Purchase of intangible assets	**(1,151)**	(2,590)
Capital repayment to non-controlling interests	**-**	(3,144)
Proceeds from disposal of property, plant and equipment	**11,568**	5,849
Compensation from government on land acquired	**4,123**	11,209
Proceeds from disposal of land	**-**	149,401
Proceeds from disposal of a subsidiary, net of cash disposed (Note C)	**1,964**	-
Proceeds from disposal of other investments	**67,875**	81,646
Net withdrawal from short-term funds	**3,982**	681,433
Repayment from/(Advances to) plasma project receivables	**44,298**	(20,647)
Dividends received from associates	**193,300**	86,285
Dividends received from joint ventures	**20,300**	19,382
Dividends received from investments	**31,581**	53,145
Interests received	**45,718**	50,382
Repayment from associates	**-**	24,809
Advances to joint ventures	**(12,767)**	(17,373)
Advances to investee companies	**(29,423)**	(12,175)
Net cash used in investing activities	**(2,785,764)**	(2,244,051)
Cash flows from financing activities		
Drawdown of term loans (Note D)	**1,060,638**	1,529,959
Issuance of Islamic Medium Term Notes (Note D)	**2,500,000**	-
Repayment of term loans (Note D)	**(1,549,663)**	(359,470)
Redemption of Islamic Medium Term Notes (Note D)	**(1,000,000)**	-
Net (repayment)/drawdown of short-term borrowings (Note D)	**(302,217)**	685,900
Payments of lease liabilities (Note D)	**(21,136)**	(29,377)
Payments of lease interest (Note D)	**(5,667)**	(5,618)
Dividends paid to shareholders of the Company	**(433,400)**	(237,501)
Dividends paid to non-controlling interests	**(747,599)**	(462,317)
Issuance of shares to non-controlling interests	**10**	18,272
Redemption of redeemable preference shares from non-controlling interests	**(6,400)**	-
Shares buy back	**(26,066)**	(73,297)
Net cash (used in)/generated from financing activities	**(531,500)**	1,066,551
Net (decrease)/increase in cash and cash equivalents	**(436,145)**	95,155
Effects of exchange rate changes	**61,440**	27,778
Cash and cash equivalents at beginning of year	**3,405,994**	3,283,061
Cash and cash equivalents at end of year (Note A)	**3,031,289**	3,405,994

Notes to the consolidated statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 RM'000	2021 RM'000
Deposits with licensed banks (Note 30)	**1,350,479**	946,012
Money market funds (Note 30)	**926,914**	1,352,409
Cash and bank balances (Note 30)	**924,190**	1,230,806
Cash and cash equivalents (Note 30)	**3,201,583**	3,529,227
Bank overdrafts (Note 35)	**(170,294)**	(123,233)
	3,031,289	3,405,994

Consolidated Statement of Cash Flows (Continued)

For The Year Ended 30 September 2022

	2022 RM'000	2021 RM'000
B. Analysis of purchase of shares in subsidiaries		
Property, plant and equipment (Note 12)	**668,279**	3,192,680
Right-of-use assets (Note 13)	**17,377**	535,620
Investment properties (Note 14)	**-**	7,170
Intangible assets (Note 17)	**-**	118,292
Inventories (Note 15)	**5,069**	943,033
Biological assets (Note 24)	**-**	26,707
Other investment	**-**	279
Trade and other receivables	**-**	83,199
Other receivables	**-**	165,631
Investments in associates	**-**	36,412
Net current assets	**3,315**	362,139
Trade and other payables	**-**	(67,811)
Borrowings	**(7,005)**	(839,078)
Deferred tax liabilities (Note 23)	**(139,081)**	(526,403)
Provision for retirement benefits (Note 34)	**(14,983)**	(25,175)
Lease liabilities (Note 13)	**-**	(27,325)
Non-controlling interests	**-**	(102,071)
Fair value of identifiable net assets of subsidiaries acquired	**532,971**	3,883,299
Negative goodwill from acquisition of shares in a sub-subsidiary	**-**	(2,941)
Goodwill on consolidation (Note 16)	**-**	82,024
Total purchase price	**532,971**	3,962,382
Fair value gain arising from changes in equity interest in an associate	**-**	(324,260)
Transfer from investment in an associate	**-**	(41,028)
Non-controlling interests	**(213,189)**	(1,553,114)
Purchase price satisfied by cash	**319,782**	2,043,980
Less: Cash and cash equivalents of subsidiaries acquired	**(15,948)**	(273,148)
Cash outflow on acquisition of subsidiaries	**303,834**	1,770,832

	2022 RM'000	2021 RM'000
C. Analysis of disposal of shares in a subsidiary		
Property, plant and equipment (Note 12)	**3**	-
Net current liabilities	**(315)**	-
Exchange fluctuation reserve	**164**	-
Total net liabilities of a subsidiary disposed	**(148)**	-
Surplus on disposal of shares in a subsidiary	**2,119**	-
Total sale consideration	**1,971**	-
Less: Cash and cash equivalents of a subsidiary disposed	**(7)**	-
Net cash inflow on disposal of shares in a subsidiary	**1,964**	-

Consolidated Statement of Cash Flows (Continued)

For The Year Ended 30 September 2022

D. Reconciliation of liabilities from financing activities to the consolidated statement of financial position and consolidated statement of cash flows

	Lease Liabilities RM'000	Term Loans RM'000	Short-Term Borrowings RM'000	Islamic Medium Term Notes RM'000	Total RM'000
At 1 October 2020	157,999	593,507	1,098,578	5,100,000	6,950,084
Cash flows					
Drawdown of term loans	-	1,529,959	-	-	1,529,959
Repayment of term loans	-	(359,470)	-	-	(359,470)
Net drawdown of short-term borrowings	-	-	685,900	-	685,900
Payments of lease liabilities	(29,377)	-	-	-	(29,377)
Payments of lease interest	(5,618)	-	-	-	(5,618)
Non-cash flows					
Addition of new leases	28,293	-	-	-	28,293
Remeasurement and modification of leases	(14,876)	-	-	-	(14,876)
Termination of leases	(8,815)	-	-	-	(8,815)
Acquisition through business combination	27,325	705,041	134,037	-	866,403
Lease interest expense	4,928	-	-	-	4,928
Currency translation differences	3,665	(496)	14,623	-	17,792
At 30 September 2021	**163,524**	**2,468,541**	**1,933,138**	**5,100,000**	**9,665,203**
Cash flows					
Drawdown of term loans	**-**	**1,060,638**	**-**	**-**	**1,060,638**
Issuance of Islamic Medium Term Notes	**-**	**-**	**-**	**2,500,000**	**2,500,000**
Repayment of term loans	**-**	**(1,549,663)**	**-**	**-**	**(1,549,663)**
Redemption of Islamic Medium Term Notes	**-**	**-**	**-**	**(1,000,000)**	**(1,000,000)**
Net repayment of short-term borrowings	**-**	**-**	**(302,217)**	**-**	**(302,217)**
Payments of lease liabilities	**(21,136)**	**-**	**-**	**-**	**(21,136)**
Payments of lease interest	**(5,667)**	**-**	**-**	**-**	**(5,667)**
Non-cash flows					
Addition of new leases	**39,357**	**-**	**-**	**-**	**39,357**
Remeasurement and modification of leases	**29**	**-**	**-**	**-**	**29**
Termination of leases	**(501)**	**-**	**-**	**-**	**(501)**
Acquisition through business combination	**-**	**-**	**7,005**	**-**	**7,005**
Lease interest expense	**5,735**	**-**	**-**	**-**	**5,735**
Currency translation differences	**2,816**	**25,621**	**(6,690)**	**-**	**21,747**
At 30 September 2022	**184,157**	**2,005,137**	**1,631,236**	**6,600,000**	**10,420,530**

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

Statement of Cash Flows of the Company

For The Year Ended 30 September 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before taxation	**715,818**	504,568
Adjustments for:		
Depreciation of property, plant and equipment	**47**	59
Depreciation of right-of-use asset	**35**	-
Provision/(Reversal) for retirement benefits	**17**	(70)
Exchange loss/(gain)	**1,278**	(1,752)
Finance costs	**36,258**	24,448
Lease interest expenses	**8**	-
Dividend income	**(745,719)**	(465,441)
Interest income	**(15,532)**	(7,132)
Impairment on amounts owing by subsidiaries	**-**	76
Loss on disposal of property, plant and equipment	**-**	99
Gain on disposal of a subsidiary (Note B)	**-**	(70,318)
Gain on capital reduction of a subsidiary	**(3,646)**	-
Net fair value gain on other investments	**-**	(58)
Loss on disposal of other investments	**-**	59
Operating loss before working capital changes	**(11,436)**	(15,462)
Working capital changes:		
Other receivables	**1,572**	(2,797)
Amounts owing by subsidiaries	**5,955**	6,073
Other payables	**(617)**	2,043
Cash used in operations	**(4,526)**	(10,143)
Interests received	**2,297**	437
Interests paid	**(33,159)**	(23,975)
Tax paid	**(3,879)**	(115)
Net cash used in operating activities	**(39,267)**	(33,796)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(9)**	(558)
Purchase of additional shares in subsidiaries	**(75,269)**	(259,288)
Purchase of other investments	**-**	(4)
Proceeds from disposal of other investments	**-**	31,972
Proceeds from disposal of property, plant and equipment	**-**	200
Proceed from disposal of a subsidiary (Note B)	**-**	93,518
Acquisition of a new subsidiary	**-**	(310,077)
Net placement of short-term funds	**(200,000)**	(1)
Dividends received	**745,676**	465,526
Loan to subsidiaries	**(285,615)**	(6,134)
Repayment from subsidiaries	**59,857**	17,302
Net cash generated from investing activities	**244,640**	32,456
Cash flows from financing activities		
Redemption of redeemable preference shares	**25,500**	56,410
Drawdown of short term borrowings (Note C)	**-**	209,349
Repayment of short term borrowings (Note C)	**(209,000)**	(349)
Issuance of Islamic medium term notes (Note C)	**500,000**	-
Proceed from capital reduction in subsidiary	**5,846**	-
Dividends paid to shareholders of the Company	**(433,400)**	(237,501)
Payments of lease liabilities	**(31)**	-
Payments of lease interest	**(8)**	-
Shares buy back	**(26,066)**	(59,377)
Net cash used in financing activities	**(137,159)**	(31,468)
Net increase/(decrease) in cash and cash equivalents	**68,214**	(32,808)
Effects of exchange rate changes	**2,587**	(956)
Cash and cash equivalents at beginning of year	**140,920**	174,684
Cash and cash equivalents at end of year (Note A)	**211,721**	140,920

Statement of Cash Flows of the Company (Continued)

For The Year Ended 30 September 2022

	2022 RM'000	2021 RM'000
Notes to the statement of cash flows		
A. Cash and cash equivalents (Note 30)		
Cash and cash equivalents consist of:		
Deposits with licensed banks	**100,768**	-
Money market funds	**91,932**	95,466
Cash and bank balances	**19,021**	45,454
	211,721	140,920

	2022 RM'000	2021 RM'000
B. Analysis of disposal of shares in a subsidiary		
Total sale consideration	**-**	93,518
Less: Cost of investment	**-**	(23,200)
Gain on disposal of a subsidiary	**-**	70,318

C. Reconciliation of liabilities from financing activities to the statement of financial position and statement of cash flows

	Lease Liability RM'000	Short-Term Borrowings RM'000	Islamic Medium Term Notes RM'000	Total RM'000
At 1 October 2020	-	-	500,000	500,000
Cash flows				
Net drawdown of short-term borrowings	-	209,000	-	209,000
At 30 September 2021	-	**209,000**	**500,000**	**709,000**
Cash flows				
Issuance of Islamic medium term notes	**-**	**-**	**500,000**	**500,000**
Repayment of short term borrowings	**-**	**(209,000)**	**-**	**(209,000)**
Payments of lease liabilities	**(31)**	**-**	**-**	**(31)**
Payments of lease interest	**(8)**	**-**	**-**	**(8)**
Non-cash flows				
Addition of new leases	**1,245**	**-**	**-**	**1,245**
Lease interest expense	**8**	**-**	**-**	**8**
	1,214	**-**	**1,000,000**	**1,001,214**

The accompanying notes form an integral part of the financial statements

1. CORPORATE INFORMATION

Batu Kawan Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business was located at Bangunan Mayban Trust Ipoh, Level 9, No. 28, Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan. With effect from 28 July 2022, the Company's registered office and principal place of business has been relocated to Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan.

The consolidated financial statements as at and for the year ended 30 September 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures.

The principal activity of the Company is investment holding while the principal activities of the Group entities are shown in Note 41.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of Companies Act 2016 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies adopted by the Group are consistent with those of the previous financial year except for the adoption of the following Amendments to the MFRSs, that were issued by the Malaysian Accounting Standards Board ("MASB").

Title	Effective date
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

The application of these Amendments to MFRSs has no significant effect to the financial statements of the Group.

New MFRSs and Amendments to MFRSs that have been issued by the MASB but have not been applied by the Group are:

Title	Effective date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 *Insurance Contracts*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financials Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	Deferred

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

2.2 Basis of measurement
The financial statements have been prepared under the historical cost basis other than as disclosed in Note 3.

2.3 Functional and presentation currency
These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Notes 12, 13, 16, 18, 19, 22 and 41 for measurement of the recoverable amounts of goodwill on consolidation, property, plant and equipment, right-of-use assets, cost of investment, other receivables and the determination of fair value of identifiable assets acquired and liabilities assumed on business combination.

3. SIGNIFICANT ACCOUNTING POLICIES
Summarised below are the significant accounting policies of the Group. The accounting policies have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

3.1 Basis of consolidation

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

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

Investments in subsidiaries, which are eliminated on consolidation, are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

(b) Business combinations

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meet the definition of a business from the acquisition date, which is the date on which control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquisition would be classified as acquisition of assets if definition of business is not met. An entity has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the concentration test, the acquisition would not represent a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. An entity may elect to apply the concentration test separately for each transaction.

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

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

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

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

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

(c) Transactions with non-controlling interests

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

(d) Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment at least annually or more frequently when there is objective evidence of impairment.

In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investments and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint ventures.

(e) Loss of control

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

(f) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition results and reserves of associates is included in the consolidated financial statements and is based on the latest audited and published interim reports in respect of listed companies and latest audited financial statements and unaudited management financial statements in respect of unlisted companies.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(g) Joint ventures

Joint ventures are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns and the Group has rights only to the net assets of the arrangements.

The Group accounts for its interest in the joint ventures using the equity method. Investments in joint ventures are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

(h) Non-controlling interests

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

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

(i) Transactions eliminated on consolidation

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

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

3.2 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rates at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the Exchange Fluctuation Reserve in equity.

(b) Operations denominated in functional currencies other than RM

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 October 2006 which are reported using the exchange rates at the dates of acquisitions. The income and expenses of the foreign operations are translated to RM at the average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the Exchange Fluctuation Reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the Exchange Fluctuation Reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and have remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Costs include plantation expenditures incurred from the stage of land clearing up to the stage of maturity. New planting expenditure and replanting expenditure are recognised as bearer plants and measured at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Bearer plants are amortised using the straight-line method over the estimated productive years. Freehold land has unlimited useful life and is not amortised. Immature bearer plants and capital work-in-progress are not amortised or depreciated. Amortisation or depreciation commences when the bearer plants mature or when the capital work-in-progress assets are ready for their intended use.

The principal depreciation/amortisation rates for the current and comparative periods are as follows:

Bearer plants	5% per annum
Buildings	2% to 40% per annum
Plant and machinery	2% to 100% per annum
Vehicles	5% to 33% per annum
Equipment, fittings, etc.	4% to 50% per annum

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

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

3.4 Leases

(a) Lease as Lessee

Right-of-use assets and lease liabilities

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right-of-use to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:
(i) there is an identified asset;
(ii) the Group obtains substantially all the economic benefits from use of the asset; and
(iii) the Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that result from the use of the asset.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable MFRSs rather than MFRS 16.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in a remeasurement of lease liabilities.

All leases are accounted for by recognising right-of-use assets and lease liabilities except for:
(i) leases of low-value assets; and
(ii) leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
(i) amounts expected to be payable under any residual value guarantee;
(ii) the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
(iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liabilities, reduced for any lease incentives received, and increased for:
(i) lease payments made at or before commencement of the lease;
(ii) initial direct costs incurred; and
(iii) the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate which is the interest rate implicit in the lease for the remaining lease term, if the rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. The carrying value of the lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:
(i) if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

(ii) in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and

(iii) if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Right-of-use assets are amortised on a straight-line basis over the shorter of the lease terms and their useful life.

Depreciation periods for the current and comparative periods are as follows:

Leasehold land	4 to 931 years
Land use rights	8 to 99 years
Buildings	1 to 30 years
Plant and machinery	1 to 10 years
Others	1.4 to 5 years

(b) Lease as Lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Operating leases

The Group classified a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group recognises lease payments received under operating lease as lease income on a straight-line-basis over the lease term.

When assets are leased out under an operating lease, the asset is included in property, plant and equipment and right-of-use assets in the statement of financial position. Lease income (net of any incentives given to lessees) is recognised over the term of the lease on a straight line basis.

3.5 Investment properties

Investment property, which is property held to earn rentals or for capital appreciation or both, is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. A transfer from investment property to owner-occupied property is made at the carrying amount as at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.3 up to the date of change in use.

Buildings are depreciated on a straight-line basis to write down the cost of each building to its residual value over its estimated useful life. The principal annual depreciation rate is at 2%. Freehold land has unlimited useful life and is not depreciated. Leasehold land is depreciated over the remaining lease period.

3.6 Biological assets

(a) Agriculture produce

The agriculture produce growing on bearer plants of the Group comprises fresh fruit bunches (“FFB”) prior to harvest and are measured at fair value less costs to sell under biological assets. Any gains or losses arising from changes in fair value less costs to sell of the produce are recognised within cost of sales in profit or loss.

Management has deliberated on the oil content of such unharvested FFB and concluded that since the oil content of unharvested FFB accrues exponentially only from 15 days prior to harvest, such unharvested FFB more than 15 days prior to harvest are excluded from valuation as their fair values are considered negligible. Therefore, quantity of unharvested FFB up to 15 days prior to harvest is used for valuation purpose. The fair value of unharvested FFB is determined based on market approach, which takes into consideration the market prices of FFB and crude palm oil, where appropriate, adjusted to the estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell.

(b) Growing crops and livestock
Growing crops are measured at fair value which is based on the costs incurred to the end of the reporting period for these crops. As at the end of the reporting period, the yield of the crops and the future economic benefits which will flow from the crops are not fully determinable and costs incurred in relation to the crops are considered to be reasonable approximation of fair value at the date.

Livestock is measured at fair value less point-of-sale cost, with any change therein recognised in profit or loss. Fair value is based on the market price of livestock of similar age, breed and genetic make-up. Point-of-sale costs include all costs that would be necessary to sell the livestock.

3.7 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised initially at their fair values plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

The Group categorises financial assets as follows:

(a) Financial assets at fair value through profit or loss
Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Financial assets at fair value through other comprehensive income (“FVOCI”)
Financial assets at FVOCI category comprises investments in equity securities instruments that are not held for trading.

Financial assets measured at FVOCI are subsequently measured at fair values with the gain or loss recognised in other comprehensive income. On derecognition, the cumulative gain or loss recognised in other comprehensive income is not subsequently transferred to profit or loss.

(c) Financial assets at amortised cost
Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

All financial assets, except for those measured at fair value through profit or loss and those measured at FVOCI, are subject to review for impairment (Note 3.13(a)).

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

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

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party.

3.8 Embedded derivatives

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

3.9 Intangible assets

These assets consist mainly of trade marks, patents, technology know-how/trade formulas and customer relationship which are stated at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.
The estimated useful lives for the current and comparative periods are as follows:

Trade marks	-	5 to 15 years
Patents	-	7 to 20 years
Technology know-how/trade formulas	-	5 years
Customer relationship	-	5 years

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

3.10 Inventories

(a) Land held for property development

Land held for property development shall be classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

The change in the classification of land held for property development to current assets shall be at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is measured at the lower of cost and net realisable value.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs are stated in the statement of financial position at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of profit or loss and other comprehensive income over billings to purchasers is shown as accrued billings and the excess of billings to purchasers over revenue recognised in the statement of profit or loss and other comprehensive income is shown as progress billings.

(c) Other inventories

Inventories of developed properties held for sale are stated at the lower of costs and net realisable value. Costs consist of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

Inventories of produce, stores and materials are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories of nursery consist of seedlings remaining in the nursery for eventual field planting and are stated at the lower of costs and net realisable value. Cost of seeds and seedlings includes the cost of treatment and cultivation.

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

3.11 Short-term funds

Short-term funds represent funds placed in highly liquid money market instruments which are readily convertible to known amount of cash and have an insignificant risk of changes in fair value with original maturities of more than three months.

3.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and money market funds which are readily convertible to known amount of cash and have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of its short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3.13 Impairment

(a) Financial assets

The Group recognises an allowance for expected credit loss ("ECL") for all debt financial assets not held at fair value through profit or loss. ECL is based on the difference between the contractual cash flows due in accordance with the contracts and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the assets.

Impairment losses for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime ECL. During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

The Group considers available, reasonable and supportive forward-looking information which includes the following indicators:

* Internal credit rating/assessment
* External credit rating/assessment (where available)
* Actual or expected significant changes in the operating results of the debtor (where available)
* Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation
* Significant increase in credit risk on other financial instruments of the same debtor
* Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

Impairment for other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies are recognised based on the general approach within MFRS 9 using ECL 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. At the end of the reporting period, the Group and the Company assess 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 has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays more than 30 days past due in making contractual payments and past due information.

The probabilities of non-payments by other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies are adjusted by forward-looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies, appropriate forward-looking information and significant increase in credit risk.

(b) Other assets

The carrying amounts of other assets (other than inventories, biological assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

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

3.14 Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at their fair values plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the issuance of the financial liabilities.

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial guarantee contracts issued by a subsidiary 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 credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee is determined based on the present value of the different 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.

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

3.15 Income tax

Income tax expense comprises current and deferred tax. Income tax also includes other taxes, such as withholding taxes which are payable by foreign subsidiaries, associates or joint venture on distributions to the Group and the Company. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

3.16 Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(b) Unfunded defined benefit plans

(i) The Group provides for retirement benefits for eligible employees in Malaysia on unfunded defined benefit basis in accordance with the terms of the unions' collective agreements. Full provision has been made for retirement benefits payable to all eligible employees based on the last drawn salaries at the end of the reporting period, the length of service to-date and the rates set out in the said agreements.

The present value of these unfunded defined benefit obligations as required by MFRS 119 *Employee Benefits* has not been used in arriving at the provision, as the amount involved is insignificant to the Group. Accordingly, no further disclosure as required by the standard is made.

(ii) Subsidiaries in Indonesia provide for retirement benefits for eligible employees on unfunded defined benefit basis in accordance with the Labour Law in Indonesia. The obligations of the defined benefit plans are calculated as the present values of obligations at end of the reporting period using the projected unit credit method which is based on the last drawn salaries at the end of the reporting period, age and the length of service.

Service and interest costs are recognised in profit or loss. Remeasurements of the defined benefit plans which comprise actuarial gains and losses are recognised in other comprehensive income in the year in which they occur.

(iii) A sub-subsidiary in Germany provides for retirement benefits for its eligible employees on unfunded defined benefit basis. The obligations of the defined benefit plans are determined annually by an independent qualified actuary. The discount rate is determined using the yield of first class corporate bonds at the valuation date and in the same currency in which the benefits are expected to be paid.

Service and interest costs are recognised immediately in profit or loss. Remeasurements of the defined benefit plans which comprise actuarial gains and losses are recognised in other comprehensive income.

(c) Funded defined benefit plan

The sub-subsidiaries in Switzerland operate a funded defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the sub-subsidiaries.

The calculation of the funded defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(d) Short-term employee benefits

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

3.17 Equity instruments

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

(a) Ordinary shares

Ordinary shares are classified as equity.

(b) Treasury shares

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.18 Contingent liabilities

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

3.19 Revenue and other income

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or services promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sales of goods

The Group's revenue is derived mainly from its plantation and manufacturing operations. In the plantation operations, the Group sells agricultural produce such as crude palm oil, fresh fruit bunches, palm kernel, rubber, etc. In the manufacturing operations, revenue is derived mainly from sales of oleochemicals, non-oleochemicals, refined palm oil related products and industrial chemical products.

Revenue from sales of goods is recognised (net of discount and taxes collected on behalf) at the point in time when control of the goods has been transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer, or upon delivery of the goods on board vessels or tankers for onward delivery to the customers.

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and shipping services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services.

The Group has taken advantage of the practical expedients not to account for significant financial components where the time difference between receiving consideration and transferring control of promised goods or services to the customer is one year or less.

(ii) Property development

Contracts with customers may include multiple promises to customers and are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each separate performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under sale and purchase agreement ("SPA"). When the Group determines that it is not probable that the Group will collect the consideration to which the Group is entitled to in exchange for the properties, the Group will defer the recognition of revenue from such sales of properties and consideration received from the customer is recognised as contract liability. For such properties, the Group recognises revenue when it becomes probable that the Group will collect consideration to which it will be entitled to in exchange for the properties sold.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for work performance completed to-date.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as size and location) as attached in its layout plan in the SPA. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised properties for another use is substantive and therefore the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to-date, is entitled to continue to transfer to the customer the development units promised, and has the right to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the contract costs incurred to-date to the estimated total costs for the contract.

For sale of completed properties, the Group recognises revenue when the control of the properties has been transferred to the purchasers, being when the properties have been handed over to the purchasers (i.e., upon delivery of vacant possession).

(iii) Rendering of services
Revenue from services rendered is recognised in profit or loss when the services are rendered.

(b) Other revenue

(i) Dividend income
Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

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

(iii) Rental income
Rental income is recognised based on the accrual basis.

(iv) Government grants
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

In the case of the Group, revenue comprises sales to third parties only.

3.20 Research and development expenditure

All general research and development expenditure is recognised in profit or loss in the year in which the expenditure is incurred except where a clearly-defined project is undertaken and it is probable that the development expenditure will give rise to future economic benefits. Such development expenditure is capitalised and amortised on a straight-line basis over the life of the project from the date of commencement of full scale commercial business operations.

3.21 Borrowing costs

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

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

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

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

3.22 Earnings per share

The Group presents basic earnings per share data for its shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the year.

Diluted earnings per share, if any, is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the year adjusted for the effects of dilutive potential ordinary shares.

3.23 Operating segments

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

3.24 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) the condition and location of the asset; and

(b) restrictions, if any, on the sale or use of the asset.

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

4. REVENUE

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Revenue from contracts with customers				
Sale of goods				
Palm products	**4,127,057**	2,676,077	**-**	-
Rubber	**81,608**	91,035	**-**	-
Manufacturing	**23,491,370**	17,454,284	**-**	-
Others	**163,164**	145,003	**-**	-
	27,863,199	20,366,399	**-**	-
Property development	**195,199**	195,070	**-**	-
Rendering of services	**7,119**	4,076	**-**	-
	28,065,517	20,565,545	**-**	-
Other revenue				
Rental income from storage of bulk liquid	**46,898**	41,804	**-**	-
Rental income from investment properties	**312**	1,591	**-**	-
Interest income from financial assets not at fair value through profit or loss	**72,532**	58,814	**15,532**	7,132
Dividend income (Note 8)	**38,670**	50,174	**745,719**	465,441
	28,223,929	20,717,928	**761,251**	472,573
Timing of recognition of revenue from contracts with customers				
At point in time	**27,872,419**	20,400,500	**-**	-
Over time	**193,098**	165,045	**-**	-
	28,065,517	20,565,545	**-**	-

Disaggregation of revenue from contracts with customers which has been presented based on geographical locations of customers is set out in Note 42.

5. OPERATING PROFIT

	Group		Company	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Operating profit is arrived at after charging and (crediting) the following:				
Auditors' remuneration				
- BDO PLT				
statutory audit				
current year	**1,619**	1,194	**131**	121
under provision in prior year	**11**	3	**-**	-
assurance related services	**62**	111	**14**	92
- overseas affiliates of BDO International				
statutory audit	**1,314**	1,247	**-**	-
- other auditors				
statutory audit				
current year	**1,432**	1,698	**-**	-
over provision in prior year	**(8)**	(3)	**-**	-
assurance related services	**124**	36	**-**	-
non-audit services	**2**	14	**-**	-
Lease rentals				
- short-term lease	**7,113**	10,340	**70**	84
- low-value assets	**361**	880	**-**	-
- variable lease payments	**34,257**	28,687	**-**	-
Depreciation of property, plant and equipment (Note 12)	**943,283**	647,078	**47**	59
Depreciation of right-of-use assets (Note 13)	**63,176**	50,842	**35**	-
Depreciation of investment properties (Note 14)	**289**	796	**-**	-
Amortisation of intangible assets (Note 17)	**29,676**	11,216	**-**	-
Net change in fair value of biological assets (Note 24)	**15,646**	(48,704)	**-**	-
Impairment of				
- property, plant and equipment (Note 12)	**43,313**	95,170	**-**	-
- plasma project receivables (Note 22)	**8,586**	795	**-**	-
- trade receivables (Note 25)	**661**	5,613	**-**	-
- other receivables (Note 26)	**7**	21	**-**	-
- amounts owing by subsidiaries (Note 18)	**-**	-	**-**	76
- investment in an associate	**-**	39	**-**	-
Reversal of impairment of				
- trade receivables (Note 25)	**(22,146)**	(6,361)	**-**	-
- other receivables (Note 26)	**(72)**	(765)	**-**	-
- plasma project receivables (Note 22)	**(523)**	(2,789)	**-**	-
Write off of				
- property, plant and equipment (Note 12)	**6,997**	2,481	**-**	-
- plasma project receivables	**-**	3,256	**-**	-
- trade receivables	**4,730**	45	**-**	-
- other receivables	**6,348**	-	**-**	-
Personnel expenses (excluding key management personnel)				
- salaries	**1,780,448**	1,435,803	**1,776**	1,766
- employer's statutory contributions	**169,454**	149,527	**181**	184
- defined contribution plans	**35,486**	15,795	**-**	-
Research and development expenditure	**19,409**	16,661	**-**	-
Provision for/(Reversal of) retirement benefits (Note 34)	**71,215**	21,323	**17**	(70)
Write down of inventories to net realisable value (Note 15)	**288,040**	35,722	**-**	-
Write back of slow moving inventories (Note 15)	**(429)**	(3,005)	**-**	-
Write back of inventories previously written down to net realisable value (Note 15)	**(7,410)**	(16,146)	**-**	-
Amortisation of deferred income (Note 33)	**(8,653)**	(8,436)	**-**	-

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(Gain)/Loss on disposal of property, plant and equipment	**(2,919)**	(177)	**-**	99
Gain on capital reduction of a subsidiary	**-**	-	**(3,646)**	-
Surplus on disposal of shares in a subsidiary	**(2,119)**	-	**-**	(70,318)
Surplus on government acquisition of land	**(4,049)**	(11,209)	**-**	-
Surplus on disposal of land	**(3,698)**	(151,433)	**-**	-
(Surplus)/Deficit on disposal of other investments	**-**	(15,467)	**-**	59
Fair value surplus of an ordinary investment which was previously an associate	**-**	(12,606)	**-**	-
Fair value gain arising from changes in equity interest in an associate	**-**	(324,260)	**-**	-
Net loss/(gain) in foreign exchange	**21,513**	(93,102)	**1,779**	(1,823)
Rental income from land and buildings	**(5,052)**	(3,441)	**-**	-
Rental income from investment properties (Note 14)	**(312)**	(1,591)	**-**	-
Gain on redemption of money market funds	**(2,896)**	(1,421)	**(549)**	(5)

6. FINANCE COSTS

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Interest expense/Profit payment of financial liabilities that are not at fair value through profit or loss				
Interest expense				
Term loans	**64,548**	16,869	**-**	-
Lease liabilities (Note 13)	**5,735**	4,928	**8**	-
Bank overdraft and other interests	**59,279**	33,686	**2,571**	4,198
	129,562	55,483	**2,579**	4,198
Profit payment on Islamic medium term notes	**267,645**	210,880	**33,687**	20,250
	397,207	266,363	**36,266**	24,448

7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Short-term benefits				
Directors' remuneration				
Fees provided	**2,030**	1,861	**1,392**	1,188
Other emoluments	**27,743**	24,093	**10,145**	9,685
Benefits-in-kind	**72**	77	**35**	34
	29,845	26,031	**11,572**	10,907

Key management personnel comprises Directors of the Group entities, who have authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

8. DIVIDEND INCOME

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Gross dividends from:				
Equity instruments				
Investment in unquoted shares	**4,391**	5,620	**2,602**	3,926
Investment in shares quoted in Malaysia	**248**	571	**-**	-
Investment in shares quoted outside Malaysia	**28,692**	12,703	**522**	232
Money market funds	**5,339**	31,280	**465**	593
Quoted subsidiaries	**-**	-	**514,617**	279,968
Unquoted subsidiaries	**-**	-	**227,513**	180,722
	38,670	50,174	**745,719**	465,441

9. TAXATION

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Components of taxation				
Current tax expense				
Malaysian taxation	**408,397**	200,636	**6,484**	114
Overseas taxation	**452,345**	285,657	**985**	663
	860,742	486,293	**7,469**	777
(Over)/Under provision of taxation in respect of previous year				
Malaysian taxation	**(28,638)**	(13,961)	**-**	-
Overseas taxation	**25,877**	17,328	**-**	-
	(2,761)	3,367	**-**	-
	857,981	489,660	**7,469**	777
Deferred tax				
Origination and reversal of temporary differences	**2,303**	65,751	**-**	-
Relating to changes in tax rates	**-**	21	**-**	-
Under/(Over) provision in respect of previous year	**568**	(9,010)	**-**	-
	2,871	56,762	**-**	-
	860,852	546,422	**7,469**	777

The Finance Act 2021 gazetted on 31 December 2021 enacts the special one-off tax known as “Cukai Makmur” (“Prosperity tax”) be imposed on non-SME companies that generate high income during the COVID-19 pandemic period for year of assessment 2022. A company with chargeable income for the first RM100 million is taxed at 24% and remaining chargeable income is taxed at a one-off rate of 33%.

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Reconciliation of effective taxation				
Profit before taxation	**3,445,078**	3,086,006	**715,818**	504,568
Taxation at Malaysian income tax rate of 24% (2021: 24%)	**826,819**	740,641	**171,796**	121,096
Effect of different tax rates	**(12,001)**	(29,565)	**-**	(928)
Withholding tax on foreign dividend and interest income	**94,721**	18,622	**984**	-
Expenses not deductible for tax purposes	**146,280**	107,793	**20,114**	13,846
Tax exempt and non-taxable income	**(73,864)**	(171,226)	**(191,889)**	(133,237)
Tax incentives	**(16,100)**	(18,322)	**-**	-
Deferred tax assets not recognised during the year	**3,239**	7,989	**-**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(45,961)**	(29,958)	**-**	-
Expiry of tax losses	**3,671**	7,110	**-**	-
Tax effect on associates' and joint ventures' results	**(47,752)**	(79,877)	**-**	-
Recognition of deferred tax assets not taken up previously	**(68,586)**	-	**-**	-
Effect of changes in tax rates on deferred tax	**-**	21	**-**	-
(Over)/Under provision of taxation in respect of previous year	**(2,761)**	3,367	**-**	-
Under/(Over) provision of deferred tax in respect of previous year	**568**	(9,010)	**-**	-
Prosperity tax	**42,498**	-	**-**	-
Others	**10,081**	(1,163)	**6,464**	-
	860,852	546,422	**7,469**	777

The Company is able to distribute dividends out of its entire distributable reserves under the single tier income tax system.

10. EARNINGS PER SHARE

The basic earnings per share for the Group and the Company are calculated by dividing the profit for the year attributable to equity holders of the Company of RM1,174,346,000 (2021: RM1,146,934,000) for the Group and RM708,349,000 (2021: RM503,791,000) for the Company by the weighted average number of 393,931,451 (2021: 396,025,717) shares of the Company in issue during the year.

Diluted earnings per share equals basic earnings per ordinary share.

11. DIVIDENDS

	Group and Company 2022 RM'000	Group and Company 2021 RM'000
Dividends recognised in the current year are:		
Final single tier dividend of 90 sen per share for the financial year ended 30 September 2021 was paid on 3 March 2022 (2021: single tier dividend of 40 sen per share was paid on 4 March 2021)	**354,688**	158,428
Interim single tier dividend of 20 sen per share for the financial year ended 30 September 2022 was paid on 4 August 2022 (2021: single tier dividend of 20 sen per share was paid on 5 August 2021)	**78,712**	79,073
	433,400	237,501

The final dividend for the financial year ended 30 September 2021 and interim dividend for the financial year ended 30 September 2022 were paid on the number of outstanding shares in issue and fully paid of 394,097,363 (2021: 396,070,563) and 393,561,863 (2021: 395,361,563) respectively.

A final single tier dividend of 90 sen (2021: 90 sen) per share amounting to RM354,054,000 (2021: RM354,687,626) has been declared by the Directors in respect of the financial year ended 30 September 2022. This dividend will be recognised in subsequent financial period.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Bearer Plants RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
Cost								
At 1 October 2020	952,026	4,374,473	1,595,552	5,998,617	454,387	549,147	311,768	14,235,970
Reclassification	-	63,940	27,877	285,617	(761)	9,017	(385,690)	-
Additions	79	285,271	24,434	82,217	33,506	25,122	482,316	932,945
Acquisition through business combination	-	2,129,008	264,801	361,079	20,289	375,923	41,580	3,192,680
Disposals	(516)	(3,710)	(2,671)	(8,215)	(8,944)	(816)	-	(24,872)
Transfer from investment properties (Note 14)	11,149	-	34,612	-	-	-	-	45,761
Written off	-	(36,259)	(29,187)	(221,592)	(15,101)	(30,616)	(15)	(332,770)
Currency translation differences	5,073	85,364	34,106	60,494	6,138	14,145	24,822	230,142
At 30 September 2021	967,811	6,898,087	1,949,524	6,558,217	489,514	941,922	474,781	18,279,856
Reclassification	-	(5,128)	67,308	203,612	1,736	26,167	(293,695)	-
Additions	-	358,597	37,912	102,060	45,654	34,349	740,257	1,318,829
Acquisition through business combination	-	633,416	22,714	5,741	2,091	3,083	1,234	668,279
Disposals	(11)	(76)	(163)	(19,763)	(12,535)	(1,682)	-	(34,230)
Disposal of a subsidiary	-	(116,221)	(5,829)	(457)	(1,885)	(1,744)	-	(126,136)
Written off	-	(35,704)	(3,074)	(27,293)	(3,977)	(5,015)	(180)	(75,243)
Currency translation differences	(6,786)	188,731	28,786	(70,233)	12,235	21,651	7,246	181,630
At 30 September 2022	961,014	7,921,702	2,097,178	6,751,884	532,833	1,018,731	929,643	20,212,985
Accumulated depreciation/ amortisation and impairment losses								
At 1 October 2020								
Accumulated depreciation/amortisation	-	1,402,179	795,508	3,111,859	360,132	380,348	-	6,050,026
Accumulated impairment losses	-	97,380	5,444	105,331	-	2,735	-	210,890
	-	1,499,559	800,952	3,217,190	360,132	383,083	-	6,260,916
Reclassification	-	-	60	2,645	(2,651)	(54)	-	-
Depreciation/Amortisation charge	-	174,622	69,274	348,327	27,315	40,528	-	660,066
Impairment loss	-	61,887	-	33,283	-	-	-	95,170
Disposals	-	(1,996)	(914)	(5,576)	(7,758)	(771)	-	(17,015)
Written off	-	(36,024)	(28,590)	(220,770)	(14,393)	(30,512)	-	(330,289)
Currency translation differences	-	31,396	15,041	33,935	5,180	5,441	-	90,993
At 30 September 2021								
Accumulated depreciation/amortisation	-	1,568,471	850,267	3,270,438	367,825	394,971	-	6,451,972
Accumulated impairment losses	-	160,973	5,556	138,596	-	2,744	-	307,869
	-	1,729,444	855,823	3,409,034	367,825	397,715	-	6,759,841
Reclassification	-	-	4,456	(9,150)	19	4,675	-	-
Depreciation/Amortisation charge	-	339,098	93,812	388,321	38,234	94,045	-	953,510
Impairment loss	-	-	6,940	36,373	-	-	-	43,313
Disposals	-	(14)	(35)	(12,469)	(11,553)	(1,466)	-	(25,537)
Disposal of subsidiary	-	(116,221)	(5,829)	(451)	(1,882)	(1,750)	-	(126,133)
Written off	-	(32,924)	(1,850)	(25,012)	(3,575)	(4,885)	-	(68,246)
Currency translation differences	-	74,858	11,491	(43,350)	10,559	9,135	-	62,693
At 30 September 2022								
Accumulated depreciation/amortisation	-	1,924,684	953,909	3,572,733	399,627	494,734	-	7,345,687
Accumulated impairment losses	-	69,557	10,899	170,563	-	2,735	-	253,754
	-	1,994,241	964,808	3,743,296	399,627	497,469	-	7,599,441
Carrying amounts								
At 30 September 2021	967,811	5,168,643	1,093,701	3,149,183	121,689	544,207	474,781	11,520,015
At 30 September 2022	961,014	5,927,461	1,132,370	3,008,588	133,206	521,262	929,643	12,613,544

	Group 2022 RM'000	2021 RM'000
Depreciation/Amortisation charge for the year is allocated as follows:		
Recognised in statement of profit or loss (Note 5)	**943,283**	647,078
Capitalised in bearer plants	**10,227**	12,988
	953,510	660,066

Impairment testing
Property, plant and equipment are tested for impairment by comparing the carrying amounts with their recoverable amounts. The recoverable amounts of property, plant and equipment are determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering periods ranging from five (5) to twenty (20) years.

A sub-subsidiary used cash flow projections covering periods of up to twenty (20) years due to long period of gestation of their businesses.

The key assumptions for the impairment testing are disclosed in Note 16.

Impairment losses
Impairment loss on property, plant and equipment was included in:

	Group 2022 RM'000	2021 RM'000
Cost of sales	**-**	4,153
Administrative expense	**2,108**	-
Other operating expenses	**41,205**	91,017
	43,313	95,170

The impairment loss was due to under performance and cessation of operations.

Impairment testing on a cash-generating unit ("CGU") in sub-subsidiary, Liberian Palm Developments Limited (“Liberia”)
As at 30 September 2022, the carrying amounts of the property, plant and equipment and right-of-use assets of the CGU in Liberia of the Group amounted to RM212.7 million (net of impairment losses of RM69.6 million) and RM39.7 million respectively.

The values assigned to the key assumptions used in the value in use calculation represent management's assessment of future trends in the plantation industry relevant to the CGU and are based on internal and external sources of data, where available. However, the recoverable amounts, which are higher than the carrying amounts, are sensitive to changes in certain key assumptions that are disclosed in Note 16. The sensitivity analysis of each of these key assumptions assuming all other variables are held constant are as follows:

Sensitivity analysis

Key assumptions applied	Changes in key assumptions	Potential impairment RM’million
Selling price for crude palm oil and palm kernel oil	Decrease by 5%	36.3
Fresh fruit bunches yield	Decrease by 1.0 mt per ha	29.1
Crude palm oil extraction rate	Decrease by 1%	29.9
Average production cost	Increase by 5%	19.8

Company	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Total RM'000
Cost			
At 1 October 2020	702	170	872
Additions	524	34	558
Disposals	(511)	-	(511)
At 30 September 2021	**715**	**204**	**919**
Additions	**-**	**9**	**9**
Disposals	**-**	**(5)**	**(5)**
At 30 September 2022	**715**	**208**	**923**
Accumulated depreciation			
At 1 October 2020	237	159	396
Depreciation charge	40	19	59
Disposals	(212)	-	(212)
At 30 September 2021	**65**	**178**	**243**
Depreciation charge	**29**	**18**	**47**
Disposals	**-**	**(5)**	**(5)**
At 30 September 2022	**94**	**191**	**285**
Carrying amounts			
At 30 September 2021	650	26	676
At 30 September 2022	**621**	**17**	**638**

Certain property, plant and equipment of the Group with a total carrying amount of RM115,478,000 (2021: RM127,155,000) as at 30 September 2022 were charged to banks as security for borrowings (Note 35).

Certain freehold land, buildings and plant and machinery of the Group are leased out to third parties. These leases are classified as operating lease because they do not transfer substantially all the risks and rewards incidental to the ownership of these assets.

The ownership of certain property, plant and equipment of subsidiaries with a carrying amount of RM332,000 (2021: RM455,000) are held in trust by third parties.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a) Right-of-use assets

Group	Leasehold Land RM'000	Land Use Right RM'000	Buildings RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
Cost						
At 1 October 2020	937,253	135,389	21,362	33,409	2,992	1,130,405
Remeasurement and modification	-	(25,841)	2,071	-	-	(23,770)
Additions	6,913	3,771	22,451	1,033	875	35,043
Acquisition through business combination	444,432	85,176	2,970	3,042	-	535,620
Disposal	-	-	(3,149)	-	-	(3,149)
Termination of leases	-	(260)	(14,317)	(846)	(532)	(15,955)
Currency translation differences	10,682	1,728	111	(76)	(2)	12,443
At 30 September 2021	**1,399,280**	**199,963**	**31,499**	**36,562**	**3,333**	**1,670,637**
Remeasurement and modification	**-**	**-**	**-**	**(128)**	**-**	**(128)**
Additions	**15,568**	**32,593**	**722**	**5,745**	**296**	**54,924**
Acquisition through business combination	**17,377**	**-**	**-**	**-**	**-**	**17,377**
Disposal of a subsidiary	**(36,125)**	**-**	**-**	**-**	**-**	**(36,125)**
Termination of leases	**-**	**(1,055)**	**(827)**	**(504)**	**(406)**	**(2,792)**
Currency translation differences	**12,982**	**3,180**	**493**	**(1,266)**	**(24)**	**15,365**
At 30 September 2022	**1,409,082**	**234,681**	**31,887**	**40,409**	**3,199**	**1,719,258**

	Leasehold Land RM'000	Land Use Right RM'000	Buildings RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
Group						
Accumulated depreciation and impairment losses						
At 1 October 2020						
Accumulated depreciation	166,791	13,177	8,315	6,630	1,005	195,918
Accumulated impairment losses	59,926	-	-	-	-	59,926
	226,717	13,177	8,315	6,630	1,005	255,844
Remeasurement and modification	-	(8,848)	-	-	-	(8,848)
Depreciation charge	19,647	12,106	10,432	7,461	1,196	50,842
Disposal	-	-	(3,149)	-	-	(3,149)
Termination of leases	-	(236)	(6,522)	(73)	(449)	(7,280)
Currency translation differences	2,368	(711)	47	(95)	(3)	1,606
At 30 September 2021						
Accumulated depreciation	**188,800**	**15,488**	**9,123**	**13,923**	**1,749**	**229,083**
Accumulated impairment losses	**59,932**	**-**	**-**	**-**	**-**	**59,932**
	248,732	**15,488**	**9,123**	**13,923**	**1,749**	**289,015**
Remeasurement and modification	**-**	**-**	**-**	**(121)**	**-**	**(121)**
Depreciation charge	**35,151**	**9,894**	**10,303**	**6,780**	**1,048**	**63,176**
Disposal of a subsidiary	**(36,125)**	**-**	**-**	**-**	**-**	**(36,125)**
Termination of leases	**-**	**(1,036)**	**(335)**	**(401)**	**(391)**	**(2,163)**
Currency translation differences	**4,189**	**340**	**244**	**(665)**	**(16)**	**4,092**
At 30 September 2022						
Accumulated depreciation	**224,098**	**24,686**	**19,335**	**19,516**	**2,390**	**290,025**
Accumulated impairment losses	**27,849**	**-**	**-**	**-**	**-**	**27,849**
	251,947	**24,686**	**19,335**	**19,516**	**2,390**	**317,874**
Carrying amounts						
At 30 September 2021	1,150,548	184,475	22,376	22,639	1,584	1,381,622
At 30 September 2022	**1,157,135**	**209,995**	**12,552**	**20,893**	**809**	**1,401,384**

	Building RM'000	Total RM'000
Company		
Cost		
At 30 September 2020/30 September 2021	**-**	**-**
Addition	**1,245**	**1,245**
At 30 September 2022	**1,245**	**1,245**
Accumulated depreciation		
At 30 September 2020/30 September 2021	**-**	**-**
Depreciation charge	**35**	**35**
At 30 September 2022	**35**	**35**
Carrying amount		
At 30 September 2021	-	-
At 30 September 2022	**1,210**	**1,210**

Nature of the leasing activities as lessee
The Group leases various land, offices and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Restriction imposed by lease
The lease agreements for the leasehold land do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land with third party interest(s) without the prior consent of the lessor.

Impairment testing
Impairment testing on right-of-use assets is similar to that of property, plant and equipment as disclosed in Note 12.

b) Lease liabilities

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Present value of lease liabilities				
At beginning of the year	**163,524**	157,999	-	-
Remeasurement and modification of leases	**29**	(14,876)	-	-
Termination of leases	**(501)**	(8,815)	-	-
Addition of new leases	**39,357**	28,293	1,245	-
Acquisition through business combination	**-**	27,325	-	-
Interest expenses (Note 6)	**5,735**	4,928	8	-
Payments of lease interest	**(5,667)**	(5,618)	(8)	-
Payments of lease liabilities	**(21,136)**	(29,377)	(31)	-
Currency translation differences	**2,816**	3,665	-	-
At end of the year	**184,157**	163,524	1,214	-
Represented by				
Payable not later than 1 year	**25,630**	29,443	188	-
Payable later than 1 year	**158,527**	134,081	1,026	-
	184,157	163,524	1,214	-

Total cash outflows for leases of the Group and the Company are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Payments relating to short-term leases	**7,247**	6,820	-	-
Payments relating to leases of low-value assets	**361**	832	-	-
Payments relating to variable leases	**11,720**	8,168	-	-
Payments of lease liabilities	**21,136**	29,377	31	-
Payments of lease interests	**5,667**	5,618	8	-
Total cash outflows for leases	**46,131**	50,815	39	-

Some lease contracts contain variable payment terms that are linked to performance of the underlying right-of-use assets.

Sensitivity analysis for variable lease payments is not disclosed as the effect is immaterial to the Group.

Variable lease payments that depend on performance of the underlying right-of-use assets are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The followings are the undiscounted potential future rental payments that are not included in the lease term:

Group	Within Five Years RM'000	More than Five Years RM'000	Total RM'000
2022			
Extension options expected not to be exercised	**2,424**	**24**	**2,448**
2021			
Extension options expected not to be exercised	1,937	-	1,937

Lease as a lessor

The Group leases out some of its land, buildings, plant and machinery to third parties. The Group classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of these assets. The following is the maturity analysis of the undiscounted lease payments to be received after the reporting date.

	Group 2022 RM'000	Group 2021 RM'000
Within 1 year	**49,555**	26,795
Between 1 to 2 years	**31,780**	16,826
Between 2 to 3 years	**11,430**	12,044
Between 3 to 4 years	**5,891**	1,865
Between 4 to 5 years	**4,987**	1,878
More than 5 years	**427**	1,637
	104,070	61,045

14. INVESTMENT PROPERTIES

Group	Freehold Land RM'000	Building RM'000	Total RM'000
Cost			
At 1 October 2020	11,149	46,535	57,684
Additions	-	26	26
Acquisition through business combination	6,830	340	7,170
Transfer to property, plant and equipment (Note 12)	(11,149)	(46,561)	(57,710)
At 30 September 2021/30 September 2022	**6,830**	**340**	**7,170**
Accumulated depreciation			
At 1 October 2020	-	11,153	11,153
Depreciation charge	-	796	796
Transfer to property, plant and equipment (Note 12)	-	(11,949)	(11,949)
At 30 September 2021	**-**	**-**	**-**
Depreciation charge	**92**	**197**	**289**
At 30 September 2022	**92**	**197**	**289**
Carrying amounts			
At 30 September 2021	6,830	340	7,170
At 30 September 2022	**6,738**	**143**	**6,881**

	Group 2022 RM'000	Group 2021 RM'000
Fair value of investment properties	**7,210**	7,170

Investment properties comprise lands and buildings that are leased to an associate. Each of the lease contains an initial non-cancellable period of 1 year. Subsequent renewals are negotiated with the lessee and on average renewal periods of 2 years. No contingent rents are charged.

The fair value of investment property above is determined based on comparison of similar properties in the same location and investment method that makes reference to recent transaction value. This is performed by an independent registered valuer having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. The fair value of the investment property is categorised at Level 3 of the fair value hierarchy.

In estimating the fair value of the property, the highest and best use of the property is their current use. There were no changes to the valuation techniques of Level 3 fair value measurements in the period.

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

	Group	
	2022	2021
	RM'000	RM'000
Rental income	**312**	1,591
Direct operating expenses	**(46)**	(2,091)

In previous financial year, the Company disposed of 100% equity interest in Menara KLK Sdn Bhd ("MKLK") (formerly known as Batu Kawan Holdings Sdn Bhd) to KLK Land Sdn Bhd ("KLKL"), a wholly owned subsidiary of Kuala Lumpur Kepong Berhad ("KLKB") on 4 August 2021. Following the completion, the Company's effective interest held in MKLK decreased from 100% to 47.3%. MKLK became a sub-subsidiary of the Group. Following the disposal, the investment property owned by MKLK had subsequently been transferred to property, plant and equipment due to owner occupation by KLK Group.

15. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Land held for property development	**1,991,597**	2,035,257
Current		
Property development costs	**228,295**	191,491
Other inventories	**3,912,719**	2,888,828
	4,141,014	3,080,319
	6,132,611	5,115,576

(a) Land held for property development

	Group	
	2022	2021
	RM'000	RM'000
Freehold land at cost		
At beginning of the year	**1,980,583**	**1,081,396**
Acquisition through business combination	**-**	**899,187**
Transfer to property development cost	**(9,885)**	-
At end of the year	**1,970,698**	**1,980,583**
Development expenditure at cost		
At beginning of the year	**54,674**	14,650
Acquisition through business combination	**-**	2,186
Additions	**8,695**	37,838
Transfer to property development cost	**(42,470)**	-
At end of the year	**20,899**	54,674
Total	**1,991,597**	2,035,257

(b) Property development costs

	Group 2022 RM'000	Group 2021 RM'000
Property development costs comprise:		
Land costs	**45,126**	38,435
Development costs	**852,228**	742,941
	897,354	781,376
Transfer from land held for property development:		
Land costs	**9,885**	-
Development costs	**42,470**	-
	52,355	-
Costs incurred during the year:		
Land costs	**25,572**	6,691
Development costs	**67,895**	109,287
	93,467	115,978
	1,043,176	897,354
Costs recognised as an expense in profit or loss:		
Previous years	**(632,696)**	(519,487)
Current year	**(109,018)**	(113,209)
	(741,714)	(632,696)
Transfer of developed properties held for sale to inventories:		
Previous years	**(73,167)**	(68,021)
Current year	**-**	(5,146)
	(73,167)	(73,167)
	228,295	191,491

(c) Other inventories

	Group 2022 RM'000	Group 2021 RM'000
At cost		
Inventories of produce	**340,175**	304,834
Finished goods	**894,154**	720,797
Work-in-progress	**493,819**	608,449
Developed properties held for sale	**15,303**	20,350
Stores and materials	**1,040,742**	760,316
Nursery	**27,576**	29,064
Inventories-in-transit	**531**	922
	2,812,300	2,444,732
At net realisable value		
Inventories of produce	**49,619**	13,273
Finished goods	**618,072**	287,409
Work-in-progress	**430,943**	143,175
Developed properties held for sale	**751**	-
Stores and materials	**1,034**	239
	1,100,419	444,096
	3,912,719	2,888,828

	2022	2021
Recognised in profit or loss:		
Inventories recognised as cost of sales	**21,237,125**	16,237,153
Write down of inventories to net realisable value	**288,040**	35,722
Write back of slow moving inventories	**(429)**	(3,005)
Write back of inventories previously written down to net realisable value	**(7,410)**	(16,146)

The Group writes down its obsolete or slow moving inventories based on assessments of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories.

Inventories previously written down to net realisable values are reversed during the financial year as the inventories were sold above the carrying amounts.

Included in other inventories is acquisition through business combination of RM5,069,000 (2021: RM41,660,000).

16. GOODWILL ON CONSOLIDATION

	Group	
	2022	2021
	RM'000	RM'000
Cost		
At beginning of the year	**437,357**	354,637
Acquisitions through business combination	**-**	82,024
Currency translation differences	**8,824**	696
At end of the year	**446,181**	437,357

Impairment testing
For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the Group's business segments as follows:

	Group	
	2022	2021
	RM'000	RM'000
Plantation	**157,677**	156,209
Manufacturing	**288,501**	281,145
Property development	**3**	3
	446,181	437,357

Impairment testing
Goodwill is tested for impairment by comparing the carrying amounts with the recoverable amounts of the CGUs. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering a period of 5 years.

Key assumptions used in the value in use calculations are:

(i) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used ranged from 3.7% to 14.4% (2021: 3.5% to 16.7%);

(ii) the growth rate used for the plantation companies is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates as well as cost of production whilst growth rates of companies in other segments are determined based on the industry trends and past performances of the respective companies; and

(iii) profit margins are projected based on historical profit margin achieved.

In assessing the value in use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

17. INTANGIBLE ASSETS

	Group 2022 RM'000	Group 2021 RM'000
Cost		
At beginning of the year	**201,778**	83,174
Additions	**1,151**	2,590
Disposals	**(1,375)**	-
Acquisitions through business combination	**-**	118,292
Currency translation differences	**(1,177)**	(2,278)
At end of the year	**200,377**	201,778
Accumulated amortisation and impairment losses		
At beginning of the year		
Accumulated amortisation	**64,615**	53,683
Accumulated impairment losses	**7,257**	7,167
	71,872	60,850
Amortisation charge	**29,676**	11,216
Disposals	**(1,375)**	-
Currency translation differences	**11**	(194)
At end of the year		
Accumulated amortisation	**92,582**	64,615
Accumulated impairment losses	**7,602**	7,257
	100,184	71,872
Carrying amounts	**100,193**	129,906

The amortisation of intangible assets amounting to RM2,186,000 (2021: RM25,000) and RM27,490,000 (2021: RM11,191,000) are included in cost of sales and administrative expenses respectively.

These assets consist mainly of trade marks, patents, technology know-how/trade formulas and customer relationship.

During the financial year, the Group revised the estimated useful lives of technology know-how/trade formulas and customer relationship from ten (10) years to five (5) years with effect from 1 October 2021. The revisions were accounted prospectively as a change in accounting estimate and as a result, the amortisation charge of intangible assets of the Group for the current financial year increased by RM13,317,000.

18. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS OWING BY/TO SUBSIDIARIES

	Company 2022 RM'000	Company 2021 RM'000
Investments in subsidiaries		
Unquoted shares at cost	**799,252**	805,375
Quoted shares at cost	**860,757**	785,488
	1,660,009	1,590,863
Market value of shares		
In quoted corporations	**10,652,566**	10,282,300

Details of the subsidiaries are shown in Note 41.

	Company 2022 RM'000	Company 2021 RM'000
Amounts owing by subsidiaries		
Non-current assets	**369,735**	163,910
Current assets		
Gross	**7,348**	9,542
Allowance for impairment losses	**(4,341)**	(4,341)
Net	**3,007**	5,201
	372,742	169,111

The management reviewed the expected repayments from subsidiaries and hence classified certain amounts owing by subsidiaries as non-current.

Amounts owing by subsidiaries, which comprise non-trade, are unsecured, repayable on demand and non-interest bearing except for an amount of RM369,735,000 and RM2,375,000 (2021: RM163,496,000 and RM1,070,000) classified as non-current and current assets respectively which are subject to interest charge of 4.49% to 5.36% (2021: 4.10%) per annum.

	Company 2022 RM'000	Company 2021 RM'000
Impairment in amounts owing by subsidiaries		
At beginning of the year	**4,341**	4,265
Impairment losses	**-**	76
At end of the year	**4,341**	4,341

Certain amounts owing by subsidiaries were impaired in full as the management was of the opinion that the amounts cannot be recovered.

Amounts owing to subsidiaries
Amounts owing to subsidiaries are non-trade, unsecured, payable within twelve months and non-interest bearing.

19. INVESTMENTS IN ASSOCIATES

	Group 2022 RM'000	Group 2021 RM'000
Shares at cost		
Overseas quoted corporation	**1,873,310**	1,453,792
Unquoted corporations		
Malaysia	**26,703**	28,203
Overseas	**29,750**	30,131
	56,453	58,334
Allowance for impairment loss	**-**	(39)
	1,929,763	1,512,087
Post-acquisition reserves, net of dividend received	**451,059**	282,405
	2,380,822	1,794,492
Amount owing by an associate	**995**	984
	2,381,817	1,795,476
At market value		
Overseas quoted corporation	**676,284**	2,545,231

In previous financial year, impairment loss of investment in an associate for the Group of RM39,000 was arose from liquidation of an associate.

(a) Material associate and summary of financial information

The Group regards Synthomer plc ("Synthomer") as a material associate which is involved in speciality chemicals business. The results of Synthomer contribute to the Group's investment holding business segment. Synthomer is a public listed company in United Kingdom with financial year ending 31 December, and the financial statements are only published half-yearly, i.e. ending 30 June and 31 December respectively.

Summarised statement of financial position as at 30 June 2022 and 30 June 2021:

	Group	
	2022	2021
	RM'000	RM'000
Non-current assets	**10,783,988**	7,761,878
Current assets	**6,894,816**	5,064,400
Non-current liabilities	**(7,495,220)**	(5,028,298)
Current liabilities	**(4,312,560)**	(3,163,417)
Non-controlling interests	**(73,498)**	(71,075)
Net assets attributable to shareholders of Synthomer	**5,797,526**	4,563,488

Summarised statement of comprehensive income for the 12-month period ended 30 June 2022 and 30 June 2021:

	Group	
	2022	2021
	RM'000	RM'000
Revenue	**13,387,667**	12,087,832
Profit for the year	**515,947**	1,222,619
Other comprehensive income	**828,925**	9,035
Total comprehensive income	**1,344,872**	1,231,654
Dividends received from Synthomer	**164,648**	59,254

Summarised capital commitment and contingent liabilities based on the latest published financial statements as at 31 December 2021 and 31 December 2020:

	Group	
	2022	2021
	RM'000	RM'000
Capital commitment – property, plant and equipment	**97,307**	106,613
Contingent liabilities – environmental liability	**12,940**	15,230

The reconciliation of the above summarised financial information to the carrying amount of the Group's interests in Synthomer is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Net assets attributable to shareholders of Synthomer	**5,797,526**	4,563,488
Proportion of ownership interest held by the Group	**26.3%**	21.3%
Group's share of net assets	**1,521,850**	973,848
Goodwill	**729,534**	684,905
Carrying amount of Group's interest in Synthomer	**2,251,384**	1,658,753

Impairment testing on investment in Synthomer
As at 30 September 2022, the carrying amount of the Group's investment in Synthomer amounted to RM2.25 billion. Management has performed an impairment assessment to determine the recoverable amount of the investment applying the value-in-use approach. The value assigned to the key assumptions used in the value-in-use calculation represent management's assessment of future trends and are based on internal and external sources data, where available.

The key assumptions of the impairment testing are estimated future cash flows, growth rates and discount rates applied.

(b) Other associates and summary of financial information

	Group	
	2022	2021
	RM'000	RM'000
Summary of financial information of other associates:		
Non-current assets	**155,029**	203,592
Current assets	**623,526**	552,556
Non-current liabilities	**(79,104)**	(90,921)
Current liabilities	**(343,248)**	(299,496)
Non-controlling interests	**(2,893)**	(2,893)
Revenue	**1,152,069**	1,112,850
Profit for the year	**97,997**	90,443
Other comprehensive income/(loss)	**124**	(134)
Total comprehensive income	**98,121**	90,309
Dividends received from other associates	**28,652**	27,031

No expected credit loss is recognised arising from amount owing by an associate as the amount is negligible.

As at 30 September 2022 and 30 September 2021, the Group did not have any associate which was individually material to the Group, except for Synthomer.

Details of the associates are shown in Note 41.

20. INVESTMENTS IN JOINT VENTURES

	Group	
	2022	2021
	RM'000	RM'000
Shares at cost		
In unquoted corporations	**141,009**	116,858
Post-acquisition reserves	**11,175**	(19,207)
	152,184	97,651
Amounts owing by joint ventures	**272,132**	245,772
	424,316	343,423

The Group did not have any joint venture which was individually material to the Group as at 30 September 2022 and 30 September 2021.

	Group	
	2022	2021
	RM'000	RM'000
Summary of financial information of joint ventures:		
Non-current assets	**108,438**	111,185
Current assets	**927,277**	833,209
Non-current liabilities	**(230,579)**	(357,625)
Current liabilities	**(456,436)**	(325,218)
Revenue	**2,539,008**	2,132,007
Profit for the year	**123,849**	97,267
Dividends received from joint ventures	**20,300**	-

The amounts owing by joint ventures are deemed as capital contribution to the joint ventures as the repayments of these amounts are neither fixed nor expected.

The amount owing by another joint venture, denominated in Australian Dollar, was given by a subsidiary which was incorporated in Australia. This amount is non-trade, unsecured, repayable on demand and is subject to interest charge of 6.0% (2021: 6.0%) per annum.

No expected credit loss is recognised arising from amounts owing by joint ventures as the amount is negligible.

Details of the joint ventures are shown in Note 41.

21. OTHER INVESTMENTS

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Equity instruments at fair value through other comprehensive income				
Unquoted corporations	**63,240**	63,281	**56,233**	56,394
Less: Impairment loss	**(309)**	(309)	**-**	-
	62,931	62,972	**56,233**	56,394
Quoted corporations				
In Malaysia	**4,694**	4,382	**-**	-
In overseas	**559,422**	638,005	**11,896**	11,510
	564,116	642,387	**11,896**	11,510
	627,047	705,359	**68,129**	67,904
Debt instruments at fair value through profit or loss				
In an overseas quoted corporation	**45,365**	13,159	**-**	-
	672,412	718,518	**68,129**	67,904
Amounts owing by investee companies	**109,953**	84,672	**-**	-
	782,365	803,190	**68,129**	67,904

No expected credit loss is recognised arising from amounts owing by investee companies as the amount is negligible.

22. OTHER RECEIVABLES

	Group	
	2022	2021
	RM'000	RM'000
Advances to plasma plantation projects	**444,852**	403,506
Amount owing by non-controlling interests	**-**	50,284
Others	**1,002**	920
	445,854	454,710
Allowance for impairment losses	**(16,991)**	(8,292)
	428,863	446,418

The movement in allowance for impairment losses of advances to plasma plantation projects during the year were:

	Group	
	2022	2021
	RM'000	RM'000
At beginning of the year	**8,292**	10,045
Impairment losses	**8,586**	795
Reversal of impairment	**(523)**	(2,789)
Currency translation differences	**636**	241
At end of the year	**16,991**	8,292

Plantation subsidiaries in Indonesia have participated in the "Kredit Koperasi Primer untuk Anggotanya" scheme (herein referred to as plasma plantation projects) to provide financing and to assist in the development of oil palm plantations under this scheme for the benefit of the communities in the vicinity of their operations. The advances to plasma plantation projects are subject to interest charge ranging from 5.36% to 8.00% (2021: 8.0%) per annum.

In previous financial year, the amounts owing by non-controlling interests are denominated in United States Dollar and were operational in nature in furtherance of the overseas subsidiaries' business operations. The amounts owing by non-controlling interests were interest free and secured over the related shares held by the non-controlling interests. Management reserves the right to charge interest on the outstanding balances.

23. DEFERRED TAXATION

Recognised deferred tax assets and liabilities are attributable to the following:

	Liabilities		Assets		Net	
	2022	2021	**2022**	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Group						
Property, plant and equipment	**1,042,536**	923,852	**(202,071)**	(214,298)	**840,465**	709,554
Right-of-use assets	**116,965**	96,168	**-**	-	**116,965**	96,168
Intangible assets	**19,217**	25,130	**-**	-	**19,217**	25,130
Biological assets	**33,316**	36,155	**-**	-	**33,316**	36,155
Unutilised tax losses	**-**	-	**(40,096)**	(51,321)	**(40,096)**	(51,321)
Provision for retirement benefits	**-**	-	**(75,026)**	(97,340)	**(75,026)**	(97,340)
Other items	**28,530**	23,040	**(91,234)**	(75,474)	**(62,704)**	(52,434)
Tax liabilities/(assets)	**1,240,564**	1,104,345	**(408,427)**	(438,433)	**832,137**	665,912
Set off of tax	**(73,540)**	(87,656)	**73,540**	87,656	**-**	-
Net tax liabilities/(assets)	**1,167,024**	1,016,689	**(334,887)**	(350,777)	**832,137**	665,912

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The components and movements in deferred tax liabilities and deferred tax assets (before offsetting) are as follows:

	Property, Plant and Equipment RM'000	Right-of-use Assets RM'000	Intangible Assets RM'000	Biological Assets RM'000	Other Taxable Temporary Differences RM'000	Unutilised Tax Losses RM'000	Unabsorbed Capital Allowances RM'000	Provision for Retirement Benefits RM'000	Other Deductible Temporary Differences RM'000	Total RM'000
Group										
At 1 October 2020	362,394	27,557	-	19,588	32,836	(70,301)	(130,780)	(86,354)	(62,663)	92,277
Acquisition through business combination	454,601	64,394	27,168	6,171	-	(11,364)	(4,931)	(7,267)	(2,369)	526,403
Reclassification	(143)	-	-	-	-	-	-	-	143	-
Recognised in profit or loss	113,714	7,918	(2,038)	9,777	3,626	34,463	(68,676)	2,284	(35,317)	65,751
Recognised in equity	-	-	-	-	-	-	-	2,473	-	2,473
(Over)/Under provision in respect of previous years	(2,485)	(3,769)	-	99	1,675	(3,112)	(4,267)	(7,203)	10,052	(9,010)
Changes in tax rates	17	-	-	-	-	4	-	-	-	21
Currency translation differences	(4,246)	68	-	520	152	(1,011)	(5,644)	(1,273)	(569)	(12,003)
At 30 September 2021	**923,852**	**96,168**	**25,130**	**36,155**	**38,289**	**(51,321)**	**(214,298)**	**(97,340)**	**(90,723)**	**665,912**
Acquisition through business combination	**122,964**	**16,117**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**139,081**
Acquisition of assets	**-**	**832**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**832**
Reclassification	**(1,992)**	**987**	**-**	**-**	**-**	**-**	**-**	**-**	**1,005**	**-**
Recognised in profit or loss	**(17,521)**	**5,808**	**(5,913)**	**(3,570)**	**8,328**	**11,593**	**23,960**	**(7,098)**	**(13,131)**	**2,456**
Recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,045**	**-**	**29,045**
Under/(Over) provision in respect of previous years	**15,025**	**(3,009)**	**-**	**-**	**(7,226)**	**163**	**(4,393)**	**166**	**(312)**	**414**
Currency translation differences	**208**	**62**	**-**	**731**	**2,775**	**(531)**	**(7,340)**	**201**	**(1,709)**	**(5,603)**
At 30 September 2022	**1,042,536**	**116,965**	**19,217**	**33,316**	**42,166**	**(40,096)**	**(202,071)**	**(75,026)**	**(104,870)**	**832,137**

Deferred tax assets include an amount of RM40,283,000 (2021: RM31,974,000) which relates to unutilised tax losses and unabsorbed capital allowances of certain subsidiaries that suffered losses in the current and previous financial years. The Group has concluded that the deferred tax assets are recoverable through estimated future taxable profits based on the approved business plans and budgets of these subsidiaries.

	Group	
	2022	2021
	RM'000	RM'000
No deferred tax assets/(liabilities) have been recognised for the following items:		
Unabsorbed capital allowances	**25,920**	149,481
Deductible temporary differences	**2,514**	2,437
Tax incentives	**46,898**	63,388
Unutilised tax losses	**394,915**	400,530
Property, plant and equipment	**(466,441)**	(527,128)
	3,806	88,708

In previous financial year, the reinvestment allowance of a sub-subsidiary amounted to RM18,172,000 would expire as follows:

	Group	
	2022	2021
	RM'000	RM'000
Year of expiry		
2025	**-**	17,626
2026	**-**	382
2027	**-**	164
	-	18,172

Unutilised tax losses of RM54,011,000 (2021: RM62,388,000) will expire as follows under the respective tax legislation of countries in which certain subsidiaries domicile:

	Group	
	2022	2021
	RM'000	RM'000
Year of expiry		
2022	**-**	664
2023	**240**	131
2024	**204**	196
2025	**3,183**	39,992
2026	**1,065**	1,795
2027	**1,639**	18,570
2028	**33,570**	1,040
2029	**935**	-
2030	**1,492**	-
2031	**3,360**	-
2032	**8,323**	-
	54,011	62,388

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities have not been provided by a sub-subsidiary on the taxable temporary differences as the taxable temporary differences are expected to be reversed during the pioneer status period of 10 years commencing from year of assessment 2022 when the sub-subsidiary would not be subject to income tax.

The Group has tax losses carried forward of RM551,739,000 (2021: RM582,822,000) which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above, which are subject to agreement by the tax authorities.

24. BIOLOGICAL ASSETS

	Unharvested Fresh Fruit Bunches RM'000	Livestock RM'000	Growing Crops RM'000	Total RM'000
Group				
Fair value				
At 1 October 2020	85,721	5,919	37,412	129,052
Net change in fair value	44,527	4,177	-	48,704
Acquisition through business combination	26,707	-	-	26,707
Increase in crop sowing	-	-	48,458	48,458
Increase due to purchases and births	-	2,517	-	2,517
Decrease due to sales	-	(6,339)	-	(6,339)
Transfer to profit or loss	-	-	(38,948)	(38,948)
Currency translation differences	2,397	85	356	2,838
At 30 September 2021	**159,352**	**6,359**	**47,278**	**212,989**
Net change in fair value	**(17,753)**	**2,107**	**-**	**(15,646)**
Increase in crop sowing	**-**	**-**	**61,282**	**61,282**
Increase due to purchases and births	**-**	**1,096**	**-**	**1,096**
Decrease due to sales	**-**	**(2,122)**	**-**	**(2,122)**
Transfer to profit or loss	**-**	**-**	**(47,880)**	**(47,880)**
Currency translation differences	**3,635**	**(152)**	**(1,290)**	**2,193**
At 30 September 2022	**145,234**	**7,288**	**59,390**	**211,912**

The biological assets of the Group comprise:

(a) Unharvested fresh fruit bunches ("FFB")

During the financial year, the Group harvested 5.1 million mt (2021: 4.0 million mt) of FFB. The quantity of unharvested FFB of the Group as at 30 September 2022 included in the fair valuation of unharvested FFB was 241,298 mt (2021: 232,427 mt).

If the FFB selling price changes by 5%, profit or loss for the Group would have equally increased or decreased by approximately RM8.8 million (2021: RM9.5 million).

If the quantity of unharvested FFB changes by 5%, profit or loss for the Group would have equally increased or decreased by approximately RM8.8 million (2021: RM9.4 million).

(b) Livestock

Livestock mainly comprises sheep and cattle.

During the financial year, the Group produced 10,669 (2021: 10,311) sheep and 365 (2021: 302) cattle. The quantity of sheep and cattle of the Group as at 30 September 2022 included in the fair valuation of livestock was 26,244 head (2021: 27,939 head) and 1,099 head (2021: 824 head) respectively.

(c) Growing crops

Growing crops mainly comprise wheat, canola, barley and lupins.

During the financial year, the Group harvested 63,128 mt (2021: 56,808 mt) of wheat, 18,899 mt (2021: 13,628 mt) of canola, 10,484 mt (2021: 19,553 mt) of barley and 3,379 mt (2021: 7,308 mt) of lupins. Area of crops sown for the financial year were 17,425 hectares (2021: 21,296 hectares) for wheat, 14,109 hectares (2021: 10,137 hectares) for canola, 1,519 hectares (2021: 2,676 hectares) for barley and 1,344 hectares (2021: 2,528 hectares) for lupins.

Sensitivity analysis for changes in volume of growing crops is not disclosed as the effect is immaterial to the Group.

The fair value of the Group's biological assets, which are estimated using unobservable inputs, is categorised within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 (inputs are observable indirectly). Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between all 3 levels of the fair value hierarchy during the financial year (2021: no transfer in either directions).

None of the biological assets of the Group as at 30 September 2022 and 30 September 2021 were pledged as securities.

25. TRADE RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Trade receivables	**2,113,352**	2,170,145
Allowance for impairment losses	**(39,976)**	(67,049)
	2,073,376	2,103,096

Included in trade receivables are amounts owing by related parties of RM134,720,000 (2021: RM151,057,000).

The allowance for impairment losses as at end of the reporting period is determined as follows:

	Gross RM'000	Expected Credit Loss Rate (%)	Allowance for Impairment Losses RM'000	Net RM'000
Group				
2022				
Not past due	**1,771,678**	**0.0%***	**88**	**1,771,590**
Past due 1 - 90 days	**295,229**	**0.5%**	**1,356**	**293,873**
Past due more than 90 days	**46,445**	**83.0%**	**38,532**	**7,913**
	2,113,352	**1.9%**	**39,976**	**2,073,376**
2021				
Not past due	1,799,791	0.6%	11,682	1,788,109
Past due 1 - 90 days	318,045	3.0%	9,700	308,345
Past due more than 90 days	52,309	87.3%	45,667	6,642
	2,170,145	3.1%	67,049	2,103,096

* less than 0.1%

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2022 RM'000	2021 RM'000
At beginning of the year	**67,049**	48,060
Acquisition through business combination	**-**	19,972
Impairment losses	**661**	5,613
Reversal of impairment	**(22,146)**	(6,361)
Impairment losses written off	**(5,873)**	-
Currency translation differences	**285**	(235)
At end of the year	**39,976**	67,049

The allowance account in respect of trade receivables is used to record impairment losses which were included in net impairment losses on financial assets. Unless the Group is satisfied that the recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group's normal trade credit term ranges from 5 to 180 (2021: 5 to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**399,536**	543,473	**2,171**	2,811
Allowance for impairment losses	**(2,218)**	(2,482)	**-**	-
	397,318	540,991	**2,171**	2,811
Indirect tax receivables	**281,852**	243,081	**-**	-
Prepayments	**138,848**	104,627	**20**	-
Refundable deposits	**45,633**	340,251	**5**	-
	863,651	1,228,950	**2,196**	2,811

In previous financial year, included in refundable deposits were advance payments of RM310,168,000 for acquisition of shares in a sub-subsidiary which was completed during the financial year.

The movements in allowance for impairment losses of other receivables during the year were:

	Group	
	2022	2021
	RM'000	RM'000
At beginning of the year	**2,482**	2,803
Acquisition through business combination	**-**	186
Impairment losses	**7**	21
Reversal of impairment	**(72)**	(765)
Currency translation differences	**(199)**	237
At end of the year	**2,218**	2,482

No expected credit loss is recognised arising from other receivables of the Company as the amount is negligible.

27. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Contract assets		
Accrued billings	**83,186**	7,448
Contract liabilities		
Progress billings	**(1,376)**	(2,737)
Advances from customers	**(141,249)**	(118,361)
	(142,625)	(121,098)
Total	**(59,439)**	(113,650)

(a) Accrued billings, progress billings and advances from customers

Contract assets and contract liabilities 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 billings to the customers. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) The movements in the contract assets and (contract liabilities) are as follows:

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the year	**(113,650)**	(77,545)
Net revenue recognised during the financial year	**430,097**	278,074
Net progress billings issued during the financial year	**(127,172)**	(141,150)
Cash received in advance	**(252,281)**	(172,047)
Currency translation differences	**3,567**	(982)
At end of the year	**(59,439)**	(113,650)

(c) Unsatisfied performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have duration of more than one year.

	Group 2022 RM'000	Group 2021 RM'000
Revenue is expected to be recognised from contracts with customers:		
Within one year	**100,766**	33,553
Between 1 to 2 years	**22,769**	12,338
Between 2 to 5 years	**2,557**	305
	126,092	46,196

No expected credit loss is recognised arising from contract assets as the amount is negligible.

28. DERIVATIVE FINANCIAL INSTRUMENTS

The Group classifies derivative financial instruments as financial assets or liabilities at fair value through profit or loss.

	Contract/Notional Amount Net long/(short) RM'000	Assets RM'000	Liabilities RM'000
Group			
2022			
Forward foreign exchange contracts	**(2,198,504)**	**18,625**	**(94,265)**
Commodities future contracts	**(235,480)**	**527,104**	**(450,051)**
Total derivative financial instruments		**545,729**	**(544,316)**
2021			
Forward foreign exchange contracts	(2,118,670)	7,914	(1,773)
Commodities future contracts	(317,455)	154,572	(236,394)
Total derivative financial instruments		162,486	(238,167)

The forward foreign exchange contracts are entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign currencies on receipts and payments.

The commodities future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

The Group does not have any other financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

29. SHORT-TERM FUNDS

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**267,937**	253,444	**200,039**	38

Short-term funds represent funds placed in highly liquid money market instruments which are readily convertible to known amount of cash and have insignificant risk of changes in fair value with original maturities of more than three months.

The effective interest rates per annum of deposits with licensed banks at the end of the reporting dates were as follows:

	Group		Company	
	2022	2021	**2022**	2021
Deposits with licensed banks	**0.20% to 5.50%**	0.30% to 5.55%	**2.10% to 2.30%**	1.85%

The maturities and repricing of deposits with licensed banks at the end of the reporting dates were as follows:

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Maturities above 3 months to 1 year				
Deposits with licensed banks	**267,937**	253,444	**200,039**	38

Deposits with licensed banks of the Group amounting to RM3,131,000 (2021: RM3,969,000) as at 30 September 2022 have been pledged for the banking facilities granted to third parties for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia.

In previous financial year, deposits with licensed banks of the Group amounted to RM10,424,000 was pledged for the following banking facilities:

(a) Term loan facilities contains covenants which require the sub-subsidiary in Indonesia to maintain at all times a minimum sum the Interest Service Reserve Account equivalent to three months of interest obligations; and

(b) Term loan facilities contains covenants which require the sub-subsidiary in Indonesia to maintain at all times a minimum placement in fixed deposit account.

No expected credit loss is recognised arising from short-term funds as the amount is negligible.

30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**1,350,479**	946,012	**100,768**	-
Money market funds	**926,914**	1,352,409	**91,932**	95,466
Cash and bank balances	**924,190**	1,230,806	**19,021**	45,454
	3,201,583	3,529,227	**211,721**	140,920

Deposits with licensed banks and investments in money market funds in Malaysia represent short-term investments in highly liquid money market. These investments are readily convertible to cash and have insignificant risk of changes in value with original maturities of three months or less.

Included in the Group's cash and bank balances as at 30 September 2022 was RM186,660,000 (2021: RM123,752,000) held under Housing Development Accounts. The utilisation of this fund is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

Notes to the Financial Statements (Continued)

The effective interest rates per annum of deposits with licensed banks, money market funds and cash and bank balances at the end of the reporting dates were as follows:

	Group		Company	
	2022	2021	**2022**	2021
Deposits with licensed banks	**1.18% to 4.70%**	0.01% to 5.50%	**2.60%**	-
Money market funds	**1.83% to 2.01%**	1.67% to 1.90%	**1.83% to 1.94%**	1.79% to 1.88%
Cash and bank balances	**Nil to 3.25%**	Nil to 5.25%	**Nil to 1.30%**	Nil to 1.30%

The maturities and repricing of deposits with licensed banks and money market funds at the end of the reporting dates were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Maturities of 3 months or below				
Deposits with licensed banks	**1,350,479**	946,012	**100,768**	-
Money market funds	**926,914**	1,352,409	**91,932**	95,466
	2,277,393	2,298,421	**192,700**	95,466

No expected credit loss is recognised arising from cash and cash equivalents as the amount is negligible.

31. SHARE CAPITAL

	Group and Company	
	Number of Shares	**RM'000**
Issued and fully paid		
At 1 October and 30 September	**399,535,463**	**507,587**

	Group and Company			
	2022 Number of Shares	**2022 RM'000**	2021 Number of Shares	2021 RM'000
Treasury shares	**5,973,600**	**109,400**	4,903,600	83,334

Share capital

(i) Of the total available 399,535,463 (2021: 399,535,463) issued and fully paid shares, 5,973,600 (2021: 4,903,600) are held as treasury shares by the Company as at 30 September 2022. As at this date, the number of outstanding shares issued and fully paid, after deducting treasury shares held, is 393,561,863 (2021: 394,631,863) shares.

(ii) The holders of shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restrictions at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(iii) The shareholders of the Company via Annual General Meeting held on 17 February 2022 approved the renewal of the authority for the Directors of the Company to allot and issue new shares in the Company in relation to the dividend reinvestment plan that provides the shareholders of the Company the option to elect to reinvest, in whole or in part, their cash dividend entitlements in the new shares of the Company.

Treasury shares
Treasury shares relate to shares of the Company that are retained by the Company.

The shareholders of the Company renewed the authority granted to the Directors to buy back its own shares at the Annual General Meeting held on 17 February 2022. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the buy back plan can be applied in the best interests of the Company and its shareholders.

As at 30 September 2022, there were share buybacks of 5,973,600 from the open market and held as treasury shares. The average price paid for the shares repurchased was RM18.27 per share for a total cost of RM109,399,652. The shares bought back were financed by internally generated funds.

32. RESERVES

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable				
Capital reserve	**451,843**	405,048	**-**	-
Exchange fluctuation reserve	**181,402**	38,659	**-**	-
Fair value reserve	**579,179**	615,771	**49,932**	49,706
Other reserve	**-**	(443,155)	**-**	-
Retained earnings – cost of treasury shares	**101,813**	77,106	**101,813**	77,106
	1,314,237	693,429	**151,745**	126,812
Distributable				
Capital reserve	**483,010**	481,504	**32,555**	32,555
Retained earnings	**5,471,752**	4,731,098	**915,507**	665,265
	5,954,762	5,212,602	**948,062**	697,820
	7,268,999	5,906,031	**1,099,807**	824,632

Capital reserves
Non-distributable capital reserve mainly comprises post-acquisition reserve capitalised by subsidiaries for their bonus issues and reserve capitalised on redemption of redeemable preference shares by subsidiaries. Distributable capital reserve comprises surpluses arising from disposals of quoted investments, properties and government acquisitions of land.

During the financial year, an amount of RM43.2 million was transferred from retained earnings to capital reserve pursuant to “The Law of Republic of Indonesia” No. 40/2007 for which a limited liability company is required to allocate a portion of its net profit in each financial year as reserves. The allocation of net profit shall be made until the reserves have aggregated at least 20% of the issued and paid up capital.

Exchange fluctuation reserve
The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group’s presentation currency.

Fair value reserve
Fair value reserve comprises the cumulative net change in the fair value of equity instruments measured at fair value through other comprehensive income until the investments are derecognised or impaired.

Other reserve
In previous financial year, other reserve arose from the unconditional Mandatory General Offer (“MGO”) by KLKB to acquire all the remaining ordinary shares in its subsidiary, KLK Sawit Nusantara Berhad (formerly known as IJM Plantations Berhad), not already held by KLKB pursuant to Section 218(2) of the Capital Markets and Services Act and Paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia. The MGO closed on 18 November 2021.

Out of the total other reserve of RM443,155,000, an amount of RM383,633,000 which represented by the shares acquired during and after the MGO period, which set off against non-controlling interests. The balance of RM59,522,000 was adjusted against other payables.

Retained earnings
Of the Company’s retained earnings at year end, RM101,813,000 (2021: RM77,106,000) was utilised for the purchase of the treasury shares and is considered as non-distributable. Details of treasury shares are disclosed in Note 31.

33. DEFERRED INCOME

	Group 2022 RM'000	Group 2021 RM'000
Government grants		
At cost		
At beginning of the year	**165,131**	164,660
Received during the year	**500**	519
Currency translation differences	**(628)**	(48)
At end of the year	**165,003**	165,131
Accumulated amortisation		
At beginning of the year	**58,068**	49,677
Amortisation charge	**8,653**	8,436
Currency translation differences	**(495)**	(45)
At end of the year	**66,226**	58,068
Carrying amounts	**98,777**	107,063
Deferred income is disclosed under:		
Non-current liabilities	**90,149**	98,465
Current liabilities	**8,628**	8,598
	98,777	107,063

The sub-subsidiaries, KL-Kepong Edible Oils Sdn Bhd, KL-Kepong Oleomas Sdn Bhd, Palm-Oleo (Klang) Sdn Bhd and Davos Life Science Sdn Bhd received government grants from Malaysian Palm Oil Board which were conditional upon the construction of specific projects. The constructions of these projects were completed in the previous financial years.

A sub-subsidiary, KL-Kepong Edible Oils Sdn Bhd received government grants from government to finance its capital expenditure during the financial year. In previous financial year, KLK Tensachem SA received government grants from its local government to finance its capital expenditure.

The government grants are amortised over the useful life of the assets.

34. PROVISION FOR RETIREMENT BENEFITS

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Present value of funded obligations	**178,692**	184,450	**-**	-
Fair value of plan assets	**(168,981)**	(158,307)	**-**	-
	9,711	26,143	**-**	-
Unfunded obligations	**487,276**	546,677	**67**	50
Present value of net obligations	**496,987**	572,820	**67**	50
Represented by:				
Payable not later than 1 year	**341**	103	**-**	-
Payable later than 1 year	**496,646**	572,717	**67**	50
	496,987	572,820	**67**	50

The provision for retirement benefits of the Group payable not later than 1 year amounting to RM341,000 (2021: RM103,000) was included in other payables.

Defined benefit obligations

(i) The Group's plantation and industrial chemical operations in Malaysia operate defined benefit plans based on the terms of the unions' collective agreements in Malaysia. These retirement benefit plans are unfunded. The benefits payable on retirement are based on the last drawn salaries, the length of service and the rates set out in the said agreements.

The present value of these unfunded defined benefit obligations as required by MFRS 119 *Employee Benefits* has not been used in arriving at the provision as the amount involved is insignificant to the Group and the Company. The undiscounted value of these unfunded defined benefit obligations was RM45,461,000 (2021: RM38,912,000) for the Group and RM67,000 (2021: RM50,000) for the Company as at 30 September 2022. Accordingly, no further disclosures as required by the standard are made.

(ii) All the plantation subsidiaries in Indonesia operate unfunded defined benefit plans for all its eligible employees. The obligations of the retirement benefit plans are calculated using the projected unit credit method.

In previous financial year, the new omnibus law ("new law") on retirement benefit was introduced in Indonesia. The new law resulted in recomputation of retirement benefit plan and the effect was disclosed as negative past service cost.

(iii) A sub-subsidiary in Germany, KLK Emmerich GmbH, operates an unfunded retirement benefit plan for its eligible employees. The obligations of the retirement benefit plan are determined by an independent qualified actuary. The last actuarial valuation was on 30 September 2022.

(iv) Arising from the internal restructuring of the sub-subsidiaries in Switzerland, Kolb Distribution AG and Dr. W. Kolb AG ("Kolb Group") in Europe in financial year 2019, Kolb Group has restructured their funded defined benefit plan on 1 January 2020 by transferring all active members and pensioners to a collective pension foundation ("Foundation") which guarantees the mandatory minimum benefits defined by the Swiss law and is responsible for the investment of the assets for a period of at least 5 years from 1 January 2020 to at least 31 December 2024.

This funded defined benefit obligation is determined by an independent qualified actuary on an annual basis. The last actuarial valuation was on 30 September 2022.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

These defined benefit plans are fully funded by the Group.

The Group expects RM20,585,000 in contributions to be paid to the defined benefit plans in the next financial year.

Movement in Net Defined Benefit Liabilities	Present Value of Funded Obligations RM'000	Unfunded Obligations RM'000	Fair Value of Plan Assets RM'000	Present Value of Net Obligations RM'000
Group				
At 1 October 2020	164,923	553,397	(159,708)	558,612
Included in profit or loss				
Service cost	6,379	27,832	-	34,211
Past service cost	-	(28,602)	-	(28,602)
Over provision	-	(24)	-	(24)
Administration cost	82	-	-	82
Interest cost/(income)	494	15,643	(481)	15,656
	6,955	14,849	(481)	21,323
Included in other comprehensive income				
Remeasurement loss/(gain)				
Actuarial loss/(gain) from:				
- Financial assumptions	4,339	(23,343)	-	(19,004)
- Demographic assumptions	(5,912)	-	-	(5,912)
- Experience assumptions	24,018	2,609	-	26,627
Return on plan assets excluding interest income	-	-	(340)	(340)
	22,445	(20,734)	(340)	1,371
Others				
Contributions paid by employer	-	(31,593)	(7,374)	(38,967)
Acquisition through business combination	-	25,175	-	25,175
Employee contributions	5,302	-	(5,302)	-
Benefits paid	(14,105)	-	14,105	-
Currency translation differences	(1,070)	5,583	793	5,306
At 30 September 2021	**184,450**	**546,677**	**(158,307)**	**572,820**
Included in profit or loss				
Service cost	**6,401**	**46,791**	**-**	**53,192**
Under provision	**-**	**70**	**-**	**70**
Administration cost	**96**	**-**	**-**	**96**
Interest cost/(income)	**287**	**17,816**	**(246)**	**17,857**
	6,784	**64,677**	**(246)**	**71,215**
Included in other comprehensive income				
Remeasurement (gain)/loss				
Actuarial (gain)/loss from:				
- Financial assumptions	**(25,381)**	**(75,856)**	**-**	**(101,237)**
- Experience assumptions	**5,430**	**(8,339)**	**-**	**(2,909)**
Return on plan assets excluding interest income	**-**	**-**	**3,528**	**3,528**
	(19,951)	**(84,195)**	**3,528**	**(100,618)**
Others				
Contributions paid by employer	**-**	**(44,605)**	**(7,437)**	**(52,042)**
Acquisition through business combination	**-**	**14,983**	**-**	**14,983**
Employee contributions	**5,887**	**-**	**(5,887)**	**-**
Benefits paid	**(6,479)**	**-**	**6,479**	**-**
Currency translation differences	**8,001**	**(10,261)**	**(7,111)**	**(9,371)**
At 30 September 2022	**178,692**	**487,276**	**(168,981)**	**496,987**

The amount of remeasurement gain of RM71,573,000 (2021: loss RM3,838,000) recognised in the other comprehensive income is net of deferred tax liabilities of RM29,045,000 (2021: deferred tax liabilities RM2,473,000) (Note 23).

Notes to the Financial Statements (Continued)

	Group	
	2022	2021
	RM'000	RM'000
Plan assets		
Plan assets comprise:		
Other assets - unquoted	**168,981**	158,307

As the plan assets are managed by the pension foundation in its pool assets and the value of the plan assets are guaranteed by the pension foundation regardless of the financial market performance and disclosed as "Other Assets - Unquoted".

	Company	
	2022	2021
	RM'000	RM'000
Unfunded obligations		
Movement in the unfunded defined benefit obligations		
At beginning of the year	**50**	120
Expense recognised/(reversed) in profit or loss	**17**	(70)
At end of the year	**67**	50
Expense recognised in profit or loss		
Current service cost	**7**	6
Interest cost	**3**	2
Under/(Over) provision	**7**	(78)
	17	(70)

	Group	
	2022	2021
	%	%
Actuarial assumptions		
Principal actuarial assumptions of the funded plan operated by the sub-subsidiary in Switzerland (expressed as weighted averages):		
Discount rates	**2.1**	0.2
Future salary increases	**2.5**	1.5
Principal assumptions of the unfunded plans used by plantation subsidiaries in Indonesia:		
Discount rates	**7.0 to 7.5**	7.0 to 8.0
Future salary increases	**6.0 to 7.5**	6.0 to 8.0
Principal actuarial assumptions of the unfunded plan operated by the sub-subsidiary in Germany:		
Discount rate	**3.9**	1.2
Future salary increases	**3.0**	3.8
Future pension increases	**2.3**	1.8

As at the end of the reporting period, the weighted average duration of the funded defined benefit obligation was 11.9 years (2021: 14.3 years).

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Group Defined Benefit Obligation	
	Increase RM'000	**Decrease RM'000**
2022		
Discount rate (0.25% movement)	**(22,949)**	**26,569**
Future salary growth (0.25% movement)	**15,370**	**(12,875)**
Life expectancy (1 year movement)	**14,089**	**(14,412)**
2021		
Discount rate (0.25% movement)	(21,558)	23,559
Future salary growth (0.25% movement)	5,613	(5,801)
Life expectancy (1 year movement)	23,758	(24,305)

Although the analysis does not account for the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

35. BORROWINGS

	Group		**Company**	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Non-current				
Secured				
Term loan	**10,421**	17,259	**-**	-
Unsecured				
Term loans	**1,613,928**	2,100,034	**-**	-
Islamic medium term notes	**6,100,000**	4,100,000	**500,000**	500,000
	7,713,928	6,200,034	**500,000**	500,000
	7,724,349	6,217,293	**500,000**	500,000
Current				
Secured				
Term loan	**5,754**	6,092	**-**	-
Bankers' acceptance	**4,998**	-	**-**	-
	10,752	6,092	**-**	-
Unsecured				
Bank overdrafts	**170,294**	123,233	**-**	-
Bankers' acceptance	**280,564**	754,269	**-**	-
Revolving credit	**416,938**	628,255	**-**	209,000
Trade financing	**928,736**	550,614	**-**	-
Term loans	**375,034**	345,156	**-**	-
Islamic medium term notes	**500,000**	1,000,000	**500,000**	-
	2,671,566	3,401,527	**500,000**	209,000
	2,682,318	3,407,619	**500,000**	209,000
Total borrowings	**10,406,667**	9,624,912	**1,000,000**	709,000

(a) During the current financial year ended 30 September 2022, the Company had issued 2 tranches of RM300 million and RM200 million of Sukuk Wakalah Islamic Medium Term Notes (“Sukuk Wakalah”) under the RM1.0 billion Sukuk Wakalah Islamic Medium Term Notes Programme ("2nd Programme"), at par with profit rate of 4.12% per annum for the 7 years tenure tranche and 4.30% per annum for the 10 years tenure tranche.

Salient features of the 2nd Programme are as follows:

- Total aggregate outstanding nominal value of the Sukuk Wakalah issued under the 2nd Programme shall not exceed RM1.0 billion.
- The tenure of the 2nd Programme is 21 years from the date of the first issuance under the programme. The tenure of the Sukuk Wakalah issued under the 2nd Programme shall be more than 1 year and up to 20 years, provided that the maturity of the Sukuk Wakalah shall not exceed the tenure of the 2nd Programme.
- The Sukuk Wakalah under the 2nd Programme shall be issued under the Shariah principle of Wakalah Bi Al-Istithmar.
- The periodic distribution rate shall be determined at the point of issuance. For the Sukuk Wakalah with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance.
- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 2nd Programme.

(b) In financial year ended 30 September 2013, the Company had issued RM500 million 10 years Sukuk Musharakah Islamic Medium Term Notes (“IMTN”) under the RM500 million Islamic Medium Term Notes Programme ("1st Programme") at a periodic distribution rate of 4.05% per annum.

Salient features of the 1st Programme are as follows:

- Total outstanding nominal value of the IMTN (collectively known as "Notes") shall not exceed RM500 million.
- The tenure of the 1st Programme is up to 10 years from the date of the first issuance of any Notes under this Programme.
- The IMTN has a maturity of more than 1 year and up to 10 years and on condition that the maturity dates of the IMTN do not exceed the tenure of the Programme. The IMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issuance of the IMTN with the last periodic distribution to be made on the maturity date.
- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 1st Programme.

(c) In financial year ended 30 September 2012, a subsidiary had issued RM1.0 billion 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes under the RM1.0 billion Sukuk Ijarah Multi-Currency Islamic Medium Term Notes ("MCIMTN") Programme ("1st Programme") at par with a profit rate of 4.0% per annum.

Salient features of the 1st Programme are as follows:

- Total outstanding nominal value of the Ringgit Sukuk Ijarah and Non-Ringgit Sukuk Ijarah MCIMTN shall not exceed RM1.0 billion.
- The tenure of the 1st Programme is up to 10 years from the date of the first issuance of any MCIMTN under the 1st Programme.

- The MCIMTN has a maturity of more than 1 year and up to 10 years and on condition that the maturity dates of the MCIMTN do not exceed the tenure of the 1st Programme. The MCIMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issue of the MCIMTN with the last profit payment to be made on the maturity dates.

- Debt-to-equity ratio of the subsidiary (group results) shall be maintained at not more than one time throughout the tenure of the 1st Programme.

The RM1.0 billion Sukuk Ijarah Islamic Medium Term Notes under the 1st Programme was redeemed on 2 September 2022.

(d) In financial year ended 30 September 2015, a subsidiary had issued RM1.1 billion 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes under the RM1.6 billion Multi-Currency Sukuk Ijarah and/or Wakalah Islamic Medium Term Notes Programme ("2nd Programme") at par with a profit rate of 4.58% per annum.

In financial year ended 30 September 2016, the subsidiary had issued the balance of the 2nd Programme of RM500 million 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes at par with a profit rate of 4.65% per annum.

Salient features of the 2nd Programme are as follows:

- The 2nd Programme shall comprise Ringgit denominated Islamic Medium Term Notes ("Ringgit Sukuk") and non-Ringgit denominated Islamic Medium Term Notes ("Non-Ringgit Sukuk") issuances.

- The aggregate outstanding nominal value of the Ringgit Sukuk and Non-Ringgit Sukuk issued under the 2nd Programme shall not exceed RM1.6 billion (or its equivalent in foreign currencies).

- The tenure of the 2nd Programme is 12 years from the date of the first issuance under the programme. The tenure of the Ringgit Sukuk/Non-Ringgit Sukuk issued under the 2nd Programme shall be more than 1 year and up to 12 years, provided that the maturity of the Ringgit Sukuk/Non-Ringgit Sukuk shall not exceed the tenure of the 2nd Programme.

- The Ringgit Sukuk/Non-Ringgit Sukuk under the 2nd Programme may be issued under the Shariah principle(s) of Ijarah and/or Wakalah Bi Al-Istithmar.

- The expected periodic distribution rate (under the principle of Wakalah Bi Al-Istithmar) or periodic distribution rate (under the principle of Ijarah) (if any) shall be determined at the point of issuance. For the Ringgit Sukuk/Non-Ringgit Sukuk with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance of the Ringgit Sukuk/Non-Ringgit Sukuk with the last periodic distribution to be made on the relevant maturity dates.

- Debt-to-equity ratio of the subsidiary (group results) shall be maintained at not more than one time throughout the tenure of the 2nd Programme.

(e) In financial year ended 30 September 2019, a subsidiary had issued 2 tranches of RM1.0 billion each of Sukuk Wakalah Islamic Medium Term Notes ("Sukuk Wakalah") under the RM2.0 billion Sukuk Wakalah Islamic Medium Term Notes Programme ("3rd Programme"), at par with profit rate of 3.75% per annum for the 10 years tenure tranche and 3.95% per annum for the 15 years tenure tranche.

Salient features of the 3rd Programme are as follows:

- Total aggregate outstanding nominal value of the Sukuk Wakalah issued under the 3rd Programme shall not exceed RM2.0 billion.

- The tenure of the 3rd Programme is 20 years from the date of the first issuance under the programme. The tenure of the Sukuk Wakalah issued under the 3rd Programme shall be more than 1 year and up to 20 years, provided that the maturity of the Sukuk Wakalah shall not exceed the tenure of the 3rd Programme.

- The Sukuk Wakalah under the 3rd Programme shall be issued under the Shariah principle of Wakalah Bi Al-Istithmar.

- The periodic distribution rate shall be determined at the point of issuance. For the Sukuk Wakalah with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance.

- Debt-to-equity ratio of the subsidiary (group results) shall be maintained at not more than one time throughout the tenure of the 3rd Programme.

(f) During the financial year ended 30 September 2022, a subsidiary had issued 2 tranches of RM1.5 billion 10 years and RM500 million 15 years Sukuk Wakalah Islamic Medium Term Notes ("Sukuk Wakalah") under the RM2.0 billion Sukuk Wakalah Islamic Medium Term Notes Programme ("4th Programme"), at par with profit rate of 4.17% per annum for the 10 years tenure tranche and 4.55% per annum for the 15 years tenure tranche.

Salient features of the 4th Programme are as follows:

- Total aggregate outstanding nominal value of the Sukuk Wakalah issued under the 4th Programme shall not exceed RM2.0 billion.

- The tenure of the 4th Programme is 30 years from the date of the first issuance under the programme. The tenure of the Sukuk Wakalah issued under the 4th Programme shall be more than 1 year and up to 30 years, provided that the maturity of the Sukuk Wakalah shall not exceed the tenure of the 4th Programme.

- The Sukuk Wakalah under the 4th Programme shall be issued under the Shariah principle of Wakalah Bi Al-Istithmar.

- The periodic distribution rate shall be determined at the point of issuance. For the Sukuk Wakalah with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance.

- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 4th Programme.

(g) The secured term loan of the Group is secured by way of a fixed charge on the property, plant and equipment of an overseas sub-subsidiary with carrying amount of RM115,478,000 (2021: RM127,155,000) as at 30 September 2022.

(h) Certain unsecured term loans, bank overdrafts and revolving credit are supported by corporate guarantees of RM901.5 million (2021: RM887.2 million) issued by a subsidiary. The bank overdraft facilities are renewable annually.

(i) The interest/profit rates per annum applicable to borrowings for the year were as follows:

	Group		**Company**	
	2022	2021	**2022**	2021
Bank overdrafts	**0.70% to 0.80%**	0.15% to 0.70%	**-**	-
Term loans	**0.71% to 4.38%**	0.71% to 5.10%	**-**	-
Trade financing	**0.49% to 4.06%**	0.83% to 2.18%	**-**	-
Bankers' acceptance	**1.90% to 4.20%**	1.91% to 2.76%	**-**	-
Revolving credit	**0.75% to 4.05%**	0.78% to 3.50%	**1.27% to 2.64%**	2.66% to 2.93%
Islamic medium term notes	**3.75% to 4.65%**	3.75% to 4.65%	**4.05% to 4.30%**	4.05%

(j) An amount of RM1,169,193,000 (2021: RM1,708,348,000) of the Group's borrowings consists of floating rate borrowings, of which interest rates reprice within a year.

(k) In previous financial year, the RM209.0 million Revolving Credit facility of the Company was a floating rate borrowing.

36. TRADE PAYABLES

	Group 2022 RM'000	Group 2021 RM'000
Trade payables	**1,057,413**	939,050

Included in trade payables are amounts owing to related parties of RM63,724,000 (2021: RM158,336,000).

The normal trade credit terms granted to the Group ranged from 5 to 90 (2021: 7 to 90) days.

37. OTHER PAYABLES

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Other payables	**541,368**	1,262,360	**484**	287
Accruals	**622,202**	639,647	**16,654**	13,658
Deposits received	**80**	390	**-**	-
Indirect tax payable	**11,309**	8,977	**-**	-
	1,174,959	1,911,374	**17,138**	13,945

In previous financial year, included in other payables was a liability of RM935,048,000 arose from unconditional Mandatory General Offer by KLKB to acquire all the remaining shares in KLK Sawit Nusantara Berhad (formerly known as IJM Plantations Berhad) not already held by KLKB.

38. RELATED PARTY TRANSACTIONS

(a) The Company has a controlling related party relationship with all its subsidiaries. Significant inter-company transactions of the Company are as follows (in addition to related party disclosures mentioned elsewhere in the financial statements):

	Company 2022 RM'000	Company 2021 RM'000
Rental paid to a subsidiary	**109**	84
Interest received from subsidiaries	**12,314**	6,629
Interest paid to a subsidiary	**29**	6

(b) Significant related party transactions
Set out below are the significant related party transactions which are carried out on mutually agreed terms for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements).

	Group 2022 RM'000	Group 2021 RM'000
(i) Transactions with associates and joint ventures		
Processing fee earned	**706**	725
Sale of finished goods	**721,594**	410,679
Sale of electricity	**1,267**	1,171
Purchase of goods	**2,152,219**	1,815,173
Service charges paid	**1,510**	1,610
Research and development services paid	**15,803**	13,891

Notes to the Financial Statements (Continued)

	Group 2022 RM'000	Group 2021 RM'000
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
Sale of goods		
Chlor-Al Chemical Pte Ltd	**18,115**	8,350
Siam Taiko Marketing Co Ltd	**4,855**	3,499
Taiko Acid Works Sdn Bhd	**10,628**	8,724
Taiko Marketing Sdn Bhd	**312,861**	231,646
Taiko Marketing (Singapore) Pte Ltd	**2,075**	1,384
Freight income earned		
Chlor-Al Chemical Pte Ltd	**489**	383
Taiko Marketing Sdn Bhd	**626**	808
Storage tanks rental received		
Taiko Marketing Sdn Bhd	**4,450**	4,098
Purchase of goods		
Borneo Taiko Clay Sdn Bhd	**3,931**	3,398
Bukit Katho Estate Sdn Bhd	**11,314**	8,300
Kampar Rubber & Tin Co Sdn Bhd	**15,309**	10,559
Kekal & Deras Sdn Bhd	**4,057**	2,972
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	**4,210**	5,339
Malay Rubber Plantations (M) Sdn Bhd	**18,746**	12,713
PT Agro Makmur Abadi	**118,036**	102,146
PT Bumi Karyatama Raharja	**-**	2,281
PT Java Taiko Mineralindo	**3,604**	1,128
PT Safari Riau	**55,444**	48,501
Taiko Acid Works Sdn Bhd	**1,008**	1,223
Taiko Clay Marketing Sdn Bhd	**4,057**	3,227
Taiko Drum Industries Sdn Bhd	**3,458**	3,447
Taiko Marketing Sdn Bhd	**64,775**	32,671
Taiko Marketing (Singapore) Pte Ltd	**42,510**	33,599
Management fees paid		
Farming Management Services Pty Ltd	**3,951**	2,913
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	**1,666**	1,395
Fixed charge and fixed charged recoverable earned from		
Taiko Acid Works Sdn Bhd	**28**	1,549
Supply of contract labours and engineering works		
Yeow Brothers Engineering Sdn Bhd	**-**	419
Sales commissions charged by		
Taiko Marketing Sdn Bhd	**4**	6
IT Services paid		
E-Komoditi Sdn Bhd	**39**	688

	Group 2022 RM'000	Group 2021 RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Agrex Asia Pte Ltd	**-**	77,518
Mitsui & Co Ltd	**458,878**	296,110
Purchase of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	**10,738**	14,578
PT Eka Sura Indonesia	**-**	8,499
PT Tanjung Bina Lestari	**-**	38,201
PT Tanjung Sarana Lestari	**1,531,111**	1,769,924
PT Sari Lembah Subur	**-**	16,844
PT Kimia Tirta Utama	**-**	4,219
PT Nirmala Agro Lestari	**-**	4,125

39. CAPITAL COMMITMENTS

	Group 2022 RM'000	Group 2021 RM'000
Capital expenditure		
Approved and contracted	**835,989**	393,409
Approved but not contracted	**2,119,389**	1,582,515
	2,955,378	1,975,924
Joint venture		
Share of capital commitment of a joint venture	**14,784**	83,723

40. FINANCIAL GUARANTEE CONTRACTS

(a) The Group provides financial guarantee contracts of RM18.5 million (2021: RM24.8 million) to certain financial institutions for loan facilities granted to plasma plantations projects as at 30 September 2022.

(b) A subsidiary provides financial guarantee contracts of RM901.5 million (2021: RM887.2 million) to certain financial institutions for credit facilities utilised by certain sub-subsidiaries as at 30 September 2022.

(c) A subsidiary has undertaken to provide financial support to certain sub-subsidiaries to enable them to continue to operate as going concerns.

41. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) The names of subsidiaries, associates and joint ventures are detailed below:

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	Percentage of Equity Held 2021	Principal Activities
Held by the Company:					
MANUFACTURING					
CHEMICALS					
See Sen Chemical Berhad †	Malaysia	Malaysia	**61**	61	Manufacturing of chemicals
Malay-Sino Chemical Industries Sendirian Berhad †	Malaysia	Malaysia	**98**	98	Manufacturing of chemicals
INVESTMENT HOLDING					
Caruso Enterprises Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
Whitmore Holdings Sdn Bhd †	Malaysia	Malaysia	**100**	100	Investment holding
Enternal Edge Sdn Bhd †	Malaysia	Malaysia	**100**	100	Investment holding
BKB Overseas Investments Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
Synergy Motion Sdn Bhd †	Malaysia	Malaysia	**100**	100	Investment holding
Caruso Ventures Pte Ltd †	Singapore	Singapore	**100**	100	Investment holding
Chemical Company of Malaysia Berhad	Malaysia	Malaysia	**100**	100	Investment holding
PLANTATION					
Kuala Lumpur Kepong Berhad	Malaysia	Malaysia	**47^**	47^	Plantation

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
Held through Subsidiaries:					
Malay-Sino Chemical Industries Sendirian Berhad:					
MANUFACTURING					
CHEMICALS AND TRANSPORTATION SERVICES					
Malay-Sino Agro-Chemical Products Sdn Bhd †	Malaysia	Malaysia	**100**	100	Manufacture and sale of methyl chloride
Circular Agency Sdn Bhd †	Malaysia	Malaysia	**100**	100	General transportation services
North-South Transport Sdn Bhd †	Malaysia	Malaysia	**100**	100	General transportation services
Malay-Sino Properties Sdn Bhd †	Malaysia	Malaysia	**100**	100	Letting of storage warehouse facilities
Whitmore Holdings Sdn Bhd:					
PLANTATION					
INDONESIA					
PT Satu Sembilan Delapan †	Indonesia	Indonesia	**92**	92	Plantation
PT Tekukur Indah †	Indonesia	Indonesia	**90**	90	Plantation
Caruso Ventures Pte Ltd:					
INVESTMENT HOLDING					
Caruso Australia Ventures Pty Ltd ††	Australia	Australia	**100**	100	Investment holding
Caruso Epping Pty Ltd ††	Australia	Australia	**100**	100	Trustee company
Caruso Epping Unit Trust ††	Australia	Australia	**100**	100	Joint venture partner in property development
Caruso Greenvale Pty Ltd ††	Australia	Australia	**100**	100	Trustee company
Caruso Greenvale Unit Trust ††	Australia	Australia	**100**	100	Joint venture partner in property development
Vivaldi Victoria Pty Ltd ††	Australia	Australia	**100**	100	Trustee company
Vivaldi Victoria Unit Trust ††	Australia	Australia	**100**	100	Dormant
Chemical Company of Malaysia Berhad					
MANUFACTURING					
CHEMICALS					
CCM Chemicals Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing and marketing of chlor-alkali and coagulant products and marketing of industrial and specialty chemicals
CCM Polymers Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing and selling of industrial cleaner and hydrogel coating products
PT CCM Indonesia †	Indonesia	Indonesia	**100**	100	Marketing of chlor-alkali and coagulant products and industrial chemicals
CCM Usaha Kimia (M) Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
CCM Water Systems Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
CCM Singapore Pte Ltd †	Singapore	Singapore	**100**	100	Marketing of Chlor-Alkali and coagulant products

Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
INVESTMENT HOLDING					
CCM International Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
CCM Agri-Max Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Innovative Resins Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
CCM Siam Ltd †	Thailand	Thailand	**100**	100	Dormant
CCM Fertilizers Sdn Bhd	Malaysia	Malaysia	**50**	50	Dormant
CCM Investments Limited ††	British Virgin Islands	British Virgin Islands	**100**	100	Dormant
CCM Marketing Sdn Bhd	Malaysia	Malaysia	**-**	100	Liquidated
PT CCM Agripharma (In Liquidation)	Indonesia	Indonesia	**100**	100	Dormant
Max Agriculture Sdn Bhd	Malaysia	Malaysia	**-**	50	Liquidated
Kuala Lumpur Kepong Berhad:					
PLANTATION					
PENINSULAR MALAYSIA					
Uni-Agro Multi Plantations Sdn Bhd	Malaysia	Malaysia	**51**	51	Plantation
Betatechnic Sdn Bhd	Malaysia	Malaysia	**100**	100	Operating biogas capture plants
Gunong Pertanian Sdn Bhd	Malaysia	Malaysia	**100**	100	Extraction of crude palm oil
Taiko Plantations Sendirian Berhad	Malaysia	Malaysia	**100**	100	Management of plantation
Golden Complex Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Jasachem Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong Plantation Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
SABAH					
Berakan Maju Sdn Bhd	Malaysia	Malaysia	**95**	66	Plantation
Bornion Estate Sdn Bhd	Malaysia	Malaysia	**63**	63	Plantation
Dynasive Enterprise Sdn Bhd	Malaysia	Malaysia	**95**	66	Investment holding
Excellent Challenger (M) Sdn Bhd	Malaysia	Malaysia	**95**	66	Plantation
Gunaria Sdn Bhd	Malaysia	Malaysia	**95**	66	Investment holding
KLK Agri Oils Sdn Bhd (formerly known as IJM Edible Oils Sdn Bhd)	Malaysia	Malaysia	**95**	66	Plantation and kernel crushing
KLK Sawit Nusantara Berhad (formerly known as IJM Plantations Berhad)	Malaysia	Malaysia	**95**	66	Plantation, investment holding and management of plantation
KL-Kepong (Sabah) Sdn Bhd	Malaysia	Malaysia	**100**	100	Plantation
Minat Teguh Sdn Bhd	Malaysia	Malaysia	**95**	66	Investment holding
Rakanan Jaya Sdn Bhd	Malaysia	Malaysia	**95**	66	Plantation
Ratus Sempurna Sdn Bhd	Malaysia	Malaysia	**95**	66	Investment holding
Sabah Cocoa Sdn Bhd	Malaysia	Malaysia	**100**	100	Plantation
Sabah Holdings Corporation Sdn Bhd	Malaysia	Malaysia	**70**	70	Investment holding
Akrab Perkasa Sdn Bhd (In Member's Voluntary Liquidation)	Malaysia	Malaysia	**95**	66	Dormant
Desa Talisai Sdn Bhd (In Member's Voluntary Liquidation)	Malaysia	Malaysia	**95**	66	Dormant
Desa Talisai Palm Oil Mill Sdn Bhd (In Member's Voluntary Liquidation)	Malaysia	Malaysia	**95**	66	Dormant
KLK Biofuel Sdn Bhd (formerly known as IJM Biofuel Sdn Bhd)	Malaysia	Malaysia	**95**	66	Dormant
Sabang Mills Sdn Bhd (In Member's Voluntary Liquidation)	Malaysia	Malaysia	**95**	66	Dormant
Sijas Plantations Sdn Bhd (In Member's Voluntary Liquidation)	Malaysia	Malaysia	**95**	66	Dormant

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
INDONESIA					
PT ADEI Plantation & Industry †	Indonesia	Indonesia	**95**	95	Plantation and kernel crushing
PT Alam Karya Sejahtera AKS †	Indonesia	Indonesia	**62**	62	Plantation
PT Bumi Makmur Sejahtera Jaya †	Indonesia	Indonesia	**95**	95	Plantation
PT Hutan Hijau Mas †	Indonesia	Indonesia	**92**	92	Plantation
PT Indonesia Plantation Synergy †	Indonesia	Indonesia	**96**	56	Plantation
PT Jabontara Eka Karsa †	Indonesia	Indonesia	**95**	95	Plantation
PT Karya Bakti Sejahtera Agrotama †	Indonesia	Indonesia	**95**	62	Plantation
PT Karya Makmur Abadi †	Indonesia	Indonesia	**100**	95	Plantation
PT Langkat Nusantara Kepong †	Indonesia	Indonesia	**60**	60	Plantation
PT Malindomas Perkebunan †	Indonesia	Indonesia	**92**	92	Plantation
PT Menteng Jaya Sawit Perdana †	Indonesia	Indonesia	**100**	95	Plantation
PT Mulia Agro Permai †	Indonesia	Indonesia	**100**	95	Plantation
PT Parit Sembada †	Indonesia	Indonesia	**90**	90	Plantation
PT Pinang Witmas Sejati †	Indonesia	Indonesia	**60**	-	Plantation
PT Prima Alumga †	Indonesia	Indonesia	**96**	62	Plantation
PT Primabahagia Permai †	Indonesia	Indonesia	**96**	62	Plantation
PT Putra Bongan Jaya †	Indonesia	Indonesia	**95**	95	Plantation
PT Sinergi Agro Industri †	Indonesia	Indonesia	**96**	62	Plantation
PT Steelindo Wahana Perkasa †	Indonesia	Indonesia	**95**	95	Plantation, refining of palm products and kernel crushing
PT Sekarbumi Alamlestari †	Indonesia	Indonesia	**65**	65	Plantation
PT Appllied Agricultural Resources Indonesia †	Indonesia	Indonesia	**100**	95	Agronomic service and research
PT KLK Agriservindo †	Indonesia	Indonesia	**100**	100	Management of plantation
PT Anugrah Surya Mandiri † (In Liquidation)	Indonesia	Indonesia	**95**	95	Dormant
SINGAPORE					
Collingwood Plantations Pte Ltd †**	Singapore	Singapore	**100**	100	Investment holding
KLK Agro Plantations Pte Ltd †	Singapore	Singapore	**100**	100	Investment holding
Taiko Plantations Pte Ltd †	Singapore	Singapore	**100**	100	Management of plantation
PAPUA NEW GUINEA					
Ang Agro Forest Management Ltd †**	Papua New Guinea	Papua New Guinea	**100**	100	Dormant
MAURITIUS					
Liberian Palm Developments Limited ††	Mauritius	Mauritius	**100**	100	Investment holding
EBF (Mauritius) Limited ††	Mauritius	Mauritius	**100**	100	Investment holding
EPO (Mauritius) Limited ††	Mauritius	Mauritius	**100**	100	Investment holding
LIBERIA					
Liberia Forest Products Inc †	Liberia	Liberia	**-**	100	Plantation
LIBINC Oil Palm Inc †	Liberia	Liberia	**100**	100	Plantation
Equatorial Palm Oil (Liberia) Incorporated †	Liberia	Liberia	**100**	100	Management of plantation
Liberian Agriculture Developments Corporation †	Liberia	Liberia	**100**	100	Dormant

Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
MANUFACTURING					
OLEOCHEMICALS					
Palm-Oleo Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing and sale of oleochemicals
Palm-Oleo (Klang) Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of oleochemicals
KSP Manufacturing Sdn Bhd	Malaysia	Malaysia	**80**	80	Renting of properties
Palmamide Sdn Bhd	Malaysia	Malaysia	**80**	80	Renting of properties
KL-Kepong Oleomas Sdn Bhd	Malaysia	Malaysia	**96**	96	Manufacturing of fatty alcohol and methyl esters
Davos Life Science Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing of palm phytonutrients and other palm derivatives
KLK Bioenergy Sdn Bhd	Malaysia	Malaysia	**96**	96	Manufacturing of methyl esters
KLK Emmerich GmbH #	Germany	Germany	**100**	100	Manufacturing of fatty acids and glycerine
Taiko Palm-Oleo (Zhangjiagang) Co Ltd †	People's Republic of China	People's Republic of China	**80**	80	Manufacturing and trading of fatty acids, glycerine, soap noodles, triacetin, special paper chemicals and surfactants
Shanghai Jinshan Jingwei Chemical Co Ltd †	People's Republic of China	People's Republic of China	**100**	100	Manufacturing of detergents, auxiliary materials for detergents and cosmetics and investment holding
PT KLK Dumai †	Indonesia	Indonesia	**100**	100	Manufacturing of basic organic chemicals from agricultural products
KLK Oleo (Shanghai) Co Ltd †	People's Republic of China	People's Republic of China	**100**	100	Trading and distribution of oleochemicals
KLK OLEO Americas Inc ††	United States of America	United States of America	**100**	100	Trading and distribution of oleochemicals
KLK Tensachem SA †	Belgium	Belgium	**100**	100	Manufacturing of alcohol ether sulphates, alcohol sulphates and sulphonic acids
KL-Kepong Industrial Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KLK Premier Capital Limited	British Virgin Islands	Malaysia	**80**	80	Investment holding and trading in commodities
KLK Indahmas Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing of oleochemicals and renting of property
Capital Glogalaxy Sdn Bhd	Malaysia	Malaysia	**80**	100	Trading of oleochemicals and hedging of future contracts related to these products
PT Prima Dumai Indobulking †Δ	Indonesia	Indonesia	**100**	-	Dormant

Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
NON-IONIC SURFACTANTS AND ESTERS					
Kolb Distribution AG #	Switzerland	Switzerland	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb AG #	Switzerland	Switzerland	**100**	100	Manufacturing of non-ionic surfactants and esters
Dr. W. Kolb Netherlands BV #	Netherlands	Netherlands	**100**	100	Manufacturing of non-ionic surfactants and esters
Kolb Distribution BV ††	Netherlands	Netherlands	**100**	100	Distribution of non-ionic surfactants and esters
Kolb France SARL ††	France	France	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb Deutschland GmbH ††	Germany	Germany	**100**	100	Distribution of non-ionic surfactants and esters
KLK Kolb Specialties BV #	Netherlands	Netherlands	**100**	100	Manufacturing and distribution of non-ionic surfactants and esters
KLK Chemicals Holding Netherlands BV ††	Netherlands	Netherlands	**100**	100	Investment holding
MANUFACTURING REFINERIES AND KERNEL CRUSHING					
KL-Kepong Edible Oils Sdn Bhd	Malaysia	Malaysia	**100**	100	Refining of palm products
Fajar Palmkel Sdn Berhad	Malaysia	Malaysia	**100**	100	Kernel crushing
KLK Premier Oils Sdn Bhd	Malaysia	Malaysia	**100**	85	Processing and marketing of oil palm products
Golden Yield Sdn Bhd	Malaysia	Malaysia	**100**	85	Processing and marketing of oil palm products
PT Perindustrian Sawit Synergi †	Indonesia	Indonesia	**99**	91	Refining of palm products and kernel crushing
Astra-KLK Pte Ltd #	Singapore	Singapore	**51**	51	Marketing of refined palm oil products and provision of logistics services related to palm products
GLOVE PRODUCTS					
KL-Kepong Rubber Products Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing and trading in rubber products
Masif Latex Products Sdn Bhd (In strike off process)	Malaysia	Malaysia	**100**	100	Dormant
PARQUET FLOORING					
KLK Hardwood Flooring Sdn Bhd (formerly known as B.K.B. Hevea Products Sdn Bhd)	Malaysia	Malaysia	**100**	100	Manufacturing of parquet flooring products
B.K.B. Flooring Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant

Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
NUTRACEUTICAL,COSMETOCEUTICAL & PHARMACEUTICAL PRODUCTS					
Davos Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals and investment holding
Biogene Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Research collaboration and investment holding
Centros Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals
STORAGE & DISTRIBUTION					
Stolthaven (Westport) Sdn Bhd	Malaysia	Malaysia	**51**	51	Storing and distribution of bulk liquid
PROPERTY					
Aura Muhibah Sdn Bhd	Malaysia	Malaysia	**60**	60	Property development
Menara KLK Sdn Bhd (formerly known as Batu Kawan Holdings Sdn Bhd)	Malaysia	Malaysia	**100**	100	Investment property
Colville Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-K Holiday Bungalows Sendirian Berhad	Malaysia	Malaysia	**100**	100	Operating holiday bungalows
KL-Kepong Complex Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Country Homes Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Property Development Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Property Management Sdn Bhd	Malaysia	Malaysia	**100**	100	Property management and property development
KLK Land Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Kompleks Tanjong Malim Sdn Bhd	Malaysia	Malaysia	**80**	80	Property development
Palermo Corporation Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
Scope Energy Sdn Bhd	Malaysia	Malaysia	**60**	60	Property development
Selasih Ikhtisas Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KLK Park Homes Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KLK Landscape Services Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
KLK Retail Centre Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
KLK Coalfields Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
KLK Management Services Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
INVESTMENT HOLDING					
Ablington Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong Equity Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Quarry Lane Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong International Ltd ††	Cayman Islands	Cayman Islands	**100**	100	Investment holding
KLK Overseas Investments Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
INVESTMENT HOLDING					
KLKI Holdings Limited †	United Kingdom	United Kingdom	**100**	100	Investment holding
Draw Fields Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Ladang Perbadanan-Fima Berhad	Malaysia	Malaysia	**100**	100	Dormant
Ortona Enterprise Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
OTHERS					
Somerset Cuisine Limited †	United Kingdom	United Kingdom	**100**	100	Manufacturing of jams and preserves
KLK Farms Pty Ltd †	Australia	Australia	**100**	100	Farming
KLK Assurance (Labuan) Limited †	Malaysia	Malaysia	**100**	100	Offshore captive insurance
KLK Global Resourcing Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant

† Companies not audited by BDO PLT.
\# Companies audited by member firms of BDO International.
†† These companies are not required to be audited in the country of incorporation. The results of these companies are consolidated based on the unaudited financial statements.
** The Group held 100% (2021: 100%) of Collingwood Plantations Pte Ltd and its subsidiaries with 82% (2021: 82%) held by KLK Group and 18% (2021: 18%) held by another subsidiary.
^ During the financial year, the Company acquired an additional of 0.3% equity interest that it did not already own in Kuala Lumpur Kepong Berhad ("KLK") from non-controlling interest which increased the Group's equity interest in KLK from 47.4% to 47.7%. The Group considers that it controls KLK even though it owns only 47.7% of the voting rights. This is due to the Group having control over the Board and the power to govern the relevant activities of this entity.
Δ On 21 December 2021, sub-subsidiaries, KL-Kepong Industrial Holdings Sdn Bhd and PT KLK Dumai had completed the acquisition of 100% equity interest in PT Prima Dumai Indobulking ("PDI") for a cash consideration of RM2.9 million. The transaction was recognised as an asset acquisition instead of business combination as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset, namely a leasehold land. Following the completion, PDI is now a subsidiary of the Group.

A subsidiary has undertaken to provide financial support to certain sub-subsidiaries to enable them to continue to operate as going concerns.

Associates	Country of Incorporation/ Principal Country of Operation	Percentage of Equity Held 2022	2021	Principal Activities
Held through Subsidiaries:				
See Sen Chemical Berhad:				
BASF See Sen Sdn Bhd	Malaysia	**30.0**	30.0	Manufacture of sulphuric acid products
Chemical Company of Malaysia Berhad				
Orica-CCM Energy Systems Sdn. Bhd	Malaysia	**45.0**	45.0	Manufacturing/blend of bulk emulsions, trading of blasting products, blasting related services and technology to the mining, quarry and construction industries

	Country of Incorporation/ Principal Country of Operation	Percentage of Equity Held		Principal Activities
Associates				
Caruso Ventures Pte Ltd:				
Satterley Forrestfield Pty Ltd	Australia	**40.0**	40.0	Land development or subdivision
Kuala Lumpur Kepong Berhad:				
Applied Agricultural Resources Sdn Bhd	Malaysia	**50.0**	50.0	Agronomic service and research
FKW Global Commodities (Pvt) Limited	Pakistan	**30.0**	30.0	Trading in commodities
Kumpulan Sierramas (M) Sdn Bhd	Malaysia	**50.0**	50.0	Property development
Malaysia Pakistan Venture Sdn Bhd	Malaysia	**37.5**	37.5	Investment holding
MAPAK Edible Oils (Private) Limited	Pakistan	**30.0**	30.0	Manufacturing and marketing of palm and other soft oils
Phytopharma Co Ltd	Japan	**22.8**	22.8	Import, export and distribution of herbal medicine and raw materials thereof, raw materials of pharmaceutical and cosmetic products
Synthomer plc	United Kingdom	**26.3**	21.3	Speciality chemicals manufacturer
Joint Ventures				
Held through Subsidiaries:				
Caruso Ventures Pte Ltd:				
Riverlee Caruso Epping Pty Ltd	Australia	**50.0**	50.0	Property development
Satterley Greenvale Joint Venture	Australia	**25.0**	25.0	Land development or subdivision
Kuala Lumpur Kepong Berhad:				
PT Kreasijaya Adhikarya	Indonesia	**50.0**	50.0	Refining of crude palm oil and bulking installation
Rainbow State Limited	British Virgin Islands	**50.0**	50.0	Owning and operating of aircraft

(b) Acquisitions and disposals of subsidiaries

2022

Acquisition of sub-subsidiaries

On 1 October 2021, Taiko Plantations Pte Ltd, a wholly-owned subsidiary of KLK Group had completed the acquisition of 60% equity interest in PT Pinang Witmas Sejati ("PWS") for a cash consideration of RM319.8 million.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	**668,279**
Right-of-use assets	**17,377**
Inventories	**5,069**
Trade and other receivables	**6,768**
Cash and bank balances	**15,948**
Trade and other payables	**(12,428)**
Contract liabilities	**(1,745)**
Tax payable	**(5,228)**
Borrowings	**(7,005)**
Provision for retirement benefits	**(14,983)**
Deferred tax liabilities	**(139,081)**
Total identifiable net assets	**532,971**

	RM'000
Purchase consideration settled in cash and cash equivalents	319,782
Non-controlling interests	213,189
Fair value of identifiable net assets	532,971
Purchase consideration settled in cash and cash equivalents	319,782
Cash and cash equivalents acquired	(15,948)
Net cash outflow arising from acquisition of a sub-subsidiary	303,834

In the 12 months to 30 September 2022, PWS contributed revenue of RM224.6 million and profit of RM75.7 million.

Disposal of a sub-subsidiary

On 30 August 2022, Liberian Palm Developments Limited ("LPDL"), a wholly owned subsidiary of KLK Group had disposed the entire equity interest in Liberia Forest Products Inc ("LFPI") for total cash considerations of RM1.97 million.

The amounts of assets and liabilities derecognised assumed at the date of disposal were:

	RM'000
Property, plant and equipment	3
Other receivables	15
Cash and bank balances	7
Other liabilities	(337)
Exchange fluctuation reserve	164
Total net liabilities of a sub-subsidiary disposed	(148)
Sales consideration received in cash and cash equivalents	1,971
Total net liabilities of a sub-subsidiary disposed	148
Surplus on disposal of share in a sub-subsidiary	2,119
Sales consideration received in cash and cash equivalents	1,971
Cash and cash equivalents of a sub-subsidiary disposed	(7)
Net cash inflow arising from disposal of a sub-subsidiary	1,964

Changes in shareholdings in sub-subsidiaries

(i) On 8 November 2021, KL-Kepong Industrial Holdings Sdn Bhd, a wholly-owned subsidiary of KLK Group entered into a Share Purchase Agreement with Mitsui & Co Ltd ("Mitsui"), a company incorporated in Japan, to dispose a 20% equity interest in Capital Glogalaxy Sdn Bhd ("CGSB") to Mitsui for cash consideration of RM10.

Upon the completion of disposal of shares on 17 January 2022, KLK Group’s effective shareholdings in CGSB reduced to 80%.

(ii) On 18 March 2022, KLK Group’s wholly-owned subsidiary, Golden Complex Sdn Bhd completed the acquisition of 5% equity interest in PT Applied Agricultural Resources Indonesia (“AARI”) for a cash consideration of RM480,000.

After completion of acquisition, AARI is a wholly-owned sub-subsidiary of the Group.

(iii) On 27 April 2022, KLKB had completed the acquisition of 15% equity interest in KLK Premier Oils Sdn Bhd ("KLKPO") for a cash consideration of RM26.4 million. KLKPO owns 100% equity interest in Golden Yield Sdn Bhd ("GYSB").

Following the completion of acquisition, both KLKPO and GYSB are wholly-owned sub-subsidiaries of the Group.

(iv) During the financial year, KLK Group’s wholly-owned subsidiary, Taiko Plantations Pte Ltd had completed the acquisition of shares in the following subsidiaries:

(a) 5% equity interest in PT Mulia Agro Permai (“MAP”) on 11 July 2022;
(b) 5% equity interest in PT Karya Makmur Abadi (“KMA”) on 11 July 2022; and
(c) 5% equity interest in PT Menteng Jaya Sawit Perdana (“MJSP”) on 13 July 2022.

MAP, KMA and MJSP become wholly-owned sub-subsidiaries of the Group upon completion of the above acquisitions.

(v) During the financial year, KLKB had further acquired 29.65% equity interest in KLK Sawit Nusantara Berhad (“KSN”) (formerly known as IJM Plantations Berhad) resulting the KLK Group’s total effective equity interest in KSN and its subsidiaries increased from 56.22% to 96.06% as at 30 September 2022.

Arising from the increased shareholdings in KSN, KLK Group’s effective ownership interest in PT Perindustrian Sawit Synergi had increased from 91.24% to 99.21%.

Purchase of shares from non-controlling interests
During the year, the Company acquired an additional of 0.32% equity interest that it did not already own in Kuala Lumpur Kepong Berhad (“KLK”) from non-controlling interest.

The effect of the acquisition of 0.32% equity interest in KLK on the financial position of the Group was summarised below:

	RM'000
Consideration paid	**75,269**
Less: Net assets acquired from non-controlling interests	**(46,307)**
Net effect on changes in shareholdings of KLK	**28,962**

2021
Acquisition of subsidiaries
(i) On 11 December 2020, the Company had completed the acquisition of 94,449,487 ordinary shares in Chemical Company of Malaysia Berhad (“CCM”), representing 56.32% equity interest in CCM for a total consideration of RM292,793,000 ("Acquisition"). Following the completion of the Acquisition, the Company's shareholding in CCM has increased from 5,716,600 ordinary shares representing 3.41% equity interest to 100,166,087 ordinary shares representing 59.73% equity interest in CCM. Accordingly, CCM is now a subsidiary of the Company. The effect of the business combination has been reflected in this report using the latest available financial information of CCM as at 31 December 2020.

CCM Group is principally involved in the manufacturing and marketing of chlor-alkali chemicals and polymer products, which are largely used in glove manufacturing industry, water treatment, oleochemical, oil and petrochemical, electronics and textile industries. CCM Group is a leading supplier of these chemicals in Malaysia and exports to several countries within South East Asia.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	Pre Acquisition Carrying Amount	**Fair Value Adjustments**	**Recognised Value on Acquisition**
	RM'000	**RM'000**	**RM'000**
Property, plant and equipment	**240,044**	**1,683**	**241,727**
Right-of-use assets	**35,857**	**8,300**	**44,157**
Investment properties	**7,170**	**-**	**7,170**
Intangible assets	**5,094**	**113,198**	**118,292**
Investment in associate	**12,841**	**-**	**12,841**
Other investments	**279**	**-**	**279**
Inventories	**41,660**	**-**	**41,660**
Trade and other receivables	**83,199**	**-**	**83,199**
Cash and cash equivalents	**100,815**	**-**	**100,815**
Trade and other payables	**(67,811)**	**-**	**(67,811)**
Deferred tax liabilities	**(12,567)**	**(29,563)**	**(42,130)**
Lease liabilities	**(5,565)**	**-**	**(5,565)**
Borrowings	**(211,168)**	**-**	**(211,168)**
Total identifiable net assets	**229,848**	**93,618**	**323,466**

	RM'000
Purchase consideration settled in cash and cash equivalents	**310,077**
Non-controlling interest	**95,037**
Fair value of identifiable net assets	**(323,466)**
Goodwill on consolidation	**81,648**
Purchase consideration settled in cash and cash equivalents	**310,077**
Cash and cash equivalents acquired	**(100,815)**
Net cash outflow arising from acquisition of a subsidiary	**209,262**

On 16 March 2021, the Company had completed the acquisition of remaining 40.27% equity interest in Chemical Company of Malaysia Berhad ("CCM") for a total consideration of RM209,349,000.

The effect of the above equity transactions with non-controlling interests was summarised below:

	RM'000
Consideration paid	**209,349**
Less: Net assets acquired from non-controlling interests	**(92,333)**
Net effect on changes in shareholdings of CCM	**117,016**

In the 9 months to 30 September 2021, CCM contributed revenue of RM299.6 million and profit of RM10.3 million. If the acquisition had occurred on 1 October 2020, management estimated that Group consolidated revenue would have been RM20.8 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.5 billion.

(ii) On 29 January 2021, KL-Kepong Plantation Holdings Sdn Bhd, a wholly owned subsidiary of KLK Group, had completed the acquisition of 95% equity interest in PT Applied Agricultural Resources Indonesia ("AARI") for a cash consideration of RM7.0 million.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	1,626
Right-of-use assets	2,512
Deferred tax assets	410
Inventories	444
Trade and other receivables	1,473
Tax recoverable	182
Cash and bank balances	1,881
Trade and other payables	(226)
Provision for retirement benefits	(1,354)
Total identifiable net assets	6,948
Purchase consideration settled in cash and cash equivalents	6,977
Non-controlling interests	347
Fair value of identifiable net assets	(6,948)
Goodwill on consolidation	376
Purchase consideration settled in cash and cash equivalents	6,977
Cash and cash equivalents acquired	(1,881)
Net cash outflow arising from acquisition of a sub-subsidiary	5,096

In the 8 months to 30 September 2021, AARI contributed revenue of RM4.4 million and loss of RM686,000. If the acquisition had occurred on 1 October 2020, management estimated that KLK Group's consolidated revenue would have been RM19.9 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.5 billion.

(iii) On 17 June 2021, the KLK Group's wholly-owned subsidiary, KLK Land Sdn Bhd ("KLKL") had completed the acquisition of 20% equity interest in Aura Muhibah Sdn Bhd ("AMSB") for a cash consideration of RM182.6 million. Prior to the acquisition, AMSB was an associate of KLKL which already owned 40% equity interest in AMSB. Following the acquisition, KLKL owns 60% equity interest in AMSB.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Land held for property development	901,373
Trade and other receivables	145
Tax recoverable	141
Cash and bank balances	17,132
Trade and other payables	(385)
Tax payable	(284)
Total identifiable net assets	918,122
Purchase consideration settled in cash and cash equivalents	182,644
Fair value gain arising from changes in equity interest in an associate	324,260
Transfer from investment in an associate	41,028
Non-controlling interests' proportionate share of net identifiable assets	367,249
Fair value of identifiable net assets	(918,122)
Negative goodwill from acquisition of shares in a sub-subsidiary	(2,941)

	RM'000
Purchase consideration settled in cash and cash equivalents	182,644
Cash and cash equivalents acquired	(17,132)
Net cash outflow arising from acquisition of a sub-subsidiary	165,512

In the 3 months to 30 September 2021, AMSB contributed revenue of RM2.2 million and profit of RM801,000. If the acquisition had occurred on 1 October 2020, management estimated that KLK Group's consolidated revenue would have been RM19.9 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.5 billion.

(iv) On 6 September 2021 ("completion date"), the Company subsidiary, Kuala Lumpur Kepong Berhad ("KLKB") had completed the acquisition of 494,865,786 ordinary shares in KLK Sawit Nusantara Berhad ("KSN") (formerly known as IJM Plantations Berhad), representing 56.2% equity interest in KSN for a total cash consideration of RM1.534 billion. Following the completion of the acquisition together with 0.37% of equity interest in KSN already owned by the Group, the Group's shareholding in KSN was 56.57%.

Upon completion of the acquisition, KLKB had extended a Mandatory General Offer to acquire all the remaining KSN shares not already held by KLKB and persons acting in concert with it for a cash offer price of RM3.10 per KSN share.

KSN is a company incorporated in Malaysia and listed in Bursa Malaysia, and KSN Group is principally involved in the cultivation of oil palm, investment holding, trading of crude palm oil and provision of management services to its subsidiaries.

The acquisition represents an opportunity for the Group to pursue its long term strategy of expanding its plantation business through acquisition of brownfield oil palm plantations.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	2,949,327
Right-of-use assets	488,951
Investments in associates	23,571
Deferred tax assets	4,205
Other receivables	165,631
Inventories	99,945
Biological assets	26,707
Trade and other receivables	88,215
Tax recoverable	7,888
Short-term fund	11,742
Cash and bank balances	153,320
Trade and other payables	(104,264)
Lease liabilities	(21,760)
Tax payable	(15,786)
Borrowings	(627,910)
Provision for retirement benefits	(23,821)
Deferred tax liabilities	(488,888)
Derivatives financial liabilities	(239)
Non-controlling interests	(7,034)
Total identifiable net assets	2,729,800

	RM'000
Purchase consideration settled in cash and cash equivalents	**1,544,282**
Non-controlling interests' proportionate share of net identifiable assets	**1,185,518**
Fair value of identifiable net assets	**(2,729,800)**
Goodwill on consolidation	**-**
Purchase consideration settled in cash and cash equivalents	**1,544,282**
Cash and cash equivalents acquired	**(153,320)**
Net cash outflow arising from acquisition of a sub-subsidiary	**1,390,962**

In the 1 month to 30 September 2021, KSN contributed revenue of RM99.2 million and profit of RM39.3 million. If the acquisition had occurred on 1 October 2020, management estimated that KLK Group's consolidated revenue would have been RM20.9 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.7 billion.

Between the completion date and 30 September 2021, KLKB further acquired 80,796,733 ordinary shares in KSN, representing 9.18% equity interest in KSN, resulting in the Group holding a total of 578,952,019 KSN shares, representing 65.75% equity interest in KSN as at 30 September 2021.

Purchase of shares from non-controlling interests

During last financial year, the Company acquired an additional of 0.22% equity interest that it did not already own in Kuala Lumpur Kepong Berhad ("KLK") from non-controlling interest.

The effect of the acquisition of 0.22% equity interest in KLK on the financial position of the Group was summarised below:

	RM'000
Consideration paid	**49,938**
Less: Net assets acquired from non-controlling interests	**(30,450)**
Net effect on changes in shareholdings of KLK	**19,488**

(a) Material non-controlling interests

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

	2022			2021		
	Kuala Lumpur Kepong Berhad RM'000	**Other Subsidiaries with Immaterial NCI RM'000**	**Total RM'000**	Kuala Lumpur Kepong Berhad RM'000	Other Subsidiaries with Immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	**53%**			53%		
Carrying amount of NCI	**9,221,585**	**42,696**	**9,264,281**	8,573,358	47,749	8,621,107
Profit allocated to NCI	**1,404,609**	**5,271**	**1,409,880**	1,385,095	7,555	1,392,650

Summary of financial information of Kuala Lumpur Kepong Berhad before inter-company elimination:	2022 RM'000	2021 RM'000
Total assets	**30,238,525**	**28,077,431**
Total liabilities	**(14,186,703)**	**(13,870,391)**
Revenue	**27,149,474**	**19,915,796**
Profit for the year	**2,438,357**	**2,452,052**
Total comprehensive income	**2,875,187**	**2,779,084**
Net (decrease)/increase in cash and cash equivalents	**(527,525)**	**231,918**
Dividends paid to NCI	**(173,997)**	**(140,056)**

42. SEGMENT INFORMATION - GROUP

The Group has four (4) reportable segments which are the Group's strategic business units. The strategic business units offer different products and are managed separately as they require different technology and marketing strategies. The Company's Managing Director and the Chief Executive Officer of KLK Group review internal management reports of each of the strategic business units on a monthly basis.

During the financial year, refineries and kernel crushing operations are reclassified from plantation to manufacturing to better reflect their underlying business. Certain comparative figures have been restated to conform with the current year presentation.

The reportable segments are summarised below:

Plantation	Cultivation and processing of palm and rubber products
Manufacturing	Manufacturing of chemicals and transportation services, oleochemicals, non-ionic surfactants and esters, rubber gloves, parquet flooring products, pharmaceutical products, storing and distribution of bulk liquid, refining of palm products, kernel crushing and trading of palm products
Property development	Development of residential and commercial properties
Investment holding/Others	Investment in quoted and unquoted corporations, investment in money market funds and placement of deposits with licensed banks, farming, management services and speciality chemicals manufacturing by an associate

The accounting policies of the reportable segments are the same as described in Note 3.23.

Inter-segment pricing is determined based on negotiated terms in a manner similar to transactions with third parties.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Company's Managing Director and the Chief Executive Officer of KLK Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate with these industries.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities.

(a) Business segment

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/Others RM'000	Elimination RM'000	Consolidated RM'000
2022						
Revenue						
Sales to external customers	4,208,665	23,538,268	195,199	281,797	-	28,223,929
Inter-segment sales	1,835,403	41,582	-	1,263,705	(3,140,690)	-
Total revenue	6,044,068	23,579,850	195,199	1,545,502	(3,140,690)	28,223,929
Results						
Operating results	2,188,520	1,300,496	70,263	126,319	(42,282)	3,643,316
Finance costs	(17,685)	(85,216)	(815)	(335,773)	42,282	(397,207)
Share of profits of equity accounted associates, net of tax	5,471	21,941	2,134	118,757	-	148,303
Share of profits of equity accounted joint ventures, net of tax	-	42,319	-	8,347	-	50,666
Segment results	2,176,306	1,279,540	71,582	(82,350)	-	3,445,078
Profit before taxation						3,445,078
Taxation						(860,852)
Profit for the year						2,584,226
Assets						
Operating assets	11,398,863	11,374,534	2,665,744	3,720,255	-	29,159,396
Associates	31,403	92,022	10,323	2,248,069	-	2,381,817
Joint ventures	-	215,962	-	208,354	-	424,316
Segment assets	11,430,266	11,682,518	2,676,067	6,176,678	-	31,965,529
Tax assets						396,079
Total assets						32,361,608
Liabilities						
Segment liabilities	1,401,752	4,482,483	187,452	8,033,873	-	14,105,560
Tax liabilities						1,324,581
Total liabilities						15,430,141
Other information						
Depreciation of property, plant and equipment	605,838	323,726	1,585	12,134	-	943,283
Depreciation of right-of-use assets	35,802	26,977	17	380	-	63,176
Depreciation of investment properties	-	289	-	-	-	289
Non-cash expenses						
Property, plant and equipment written off	3,705	3,292	-	-	-	6,997
Written off of						
- trade receivables	-	4,730	-	-	-	4,730
- other receivables	16	-	-	6,332	-	6,348
Provision for retirement benefits	57,019	14,156	-	40	-	71,215
Amortisation of intangible assets	-	29,676	-	-	-	29,676
Amortisation of deferred income	-	(8,653)	-	-	-	(8,653)
Impairment of						
- property, plant and equipment	11,205	32,108	-	-	-	43,313
- trade receivables		661	-	-	-	661
- plasma project receivables	8,586	-	-	-	-	8,586
Reversal of impairment of						
- trade receivables	-	(22,125)	-	(21)	-	(22,146)
- plasma project receivables	(523)	-	-	-	-	(523)
Write down of inventories	123,930	164,110	-	-	-	288,040
Write back of inventories	(78)	(7,738)	-	(23)	-	(7,839)
Surplus on government acquisition land	-	-	-	(4,049)	-	(4,049)
Surplus on disposal of land	-	-	-	(3,698)	-	(3,698)
Surplus on disposal of a subsidiary	-	-	-	(2,119)	-	(2,119)

Notes to the Financial Statements (Continued)

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/Others RM'000	Elimination RM'000	Consolidated RM'000
2021						
Revenue						
Sales to external customers	2,767,112	17,496,087	195,070	259,659	-	20,717,928
Inter-segment sales	700,738	8,523	-	1,080,044	(1,789,305)	-
Total revenue	3,467,850	17,504,610	195,070	1,339,703	(1,789,305)	20,717,928
Results						
Operating results	1,392,897	1,022,450	60,098	572,318	(28,215)	3,019,548
Finance costs	(7,436)	(53,049)	(1)	(234,092)	28,215	(266,363)
Share of profits of equity accounted associates, net of tax	1,722	16,711	9,147	265,376	-	292,956
Share of profits of equity accounted joint ventures ventures, net of tax	-	33,860	-	6,005	-	39,865
Segment results	1,387,183	1,019,972	69,244	609,607	-	3,086,006
Profit before taxation						3,086,006
Taxation						(546,422)
Profit for the year						2,539,584
Assets						
Operating assets	11,138,611	9,883,169	2,664,029	3,653,085	-	27,338,894
Associates	31,920	86,145	17,689	1,659,722	-	1,795,476
Joint ventures	-	178,381	-	165,042	-	343,423
Segment assets	11,170,531	10,147,695	2,681,718	5,477,849	-	29,477,793
Tax assets						391,274
Total assets						29,869,067
Liabilities						
Segment liabilities	2,769,168	4,042,415	149,627	6,716,695	-	13,677,905
Tax liabilities						1,239,771
Total liabilities						14,917,676
Other information						
Depreciation of property, plant and equipment	320,475	314,215	722	11,666	-	647,078
Depreciation of right-of-use assets	23,269	27,163	20	390	-	50,842
Depreciation of investment property	-	-	-	796	-	796
Non-cash expenses						
Property, plant and equipment written off	1,562	919	-	-	-	2,481
Provision for retirement benefits	7,140	14,507	(221)	(103)	-	21,323
Amortisation of intangible assets	-	11,216	-	-	-	11,216
Amortisation of deferred income	-	(8,436)	-	-	-	(8,436)
Impairment of						
- property, plant and equipment	61,887	33,283	-	-	-	95,170
- trade receivables		5,603	-	10	-	5,613
- plasma project receivables	795	-	-	-	-	795
Reversal of impairment of						
- trade receivables	-	(6,361)	-	-	-	(6,361)
- plasma project receivables	(2,789)	-	-	-	-	(2,789)
Write down of inventories	5,280	30,439	-	3	-	35,722
Write back of inventories	-	(19,151)	-	-	-	(19,151)
Surplus on government acquisition land	-	-	-	(11,209)	-	(11,209)
Surplus on disposal of land	-	-	-	(151,433)	-	(151,433)
Fair value gain arising from changes in equity interest in an associate	-	-	-	(324,260)	-	(324,260)
Negative goodwill from acquisition of shares in a subsidiary	-	-	-	(2,941)	-	(2,941)

Additions to non-current assets, other than financial instruments (including investments in associates and joint ventures) and deferred tax assets, are as follows:

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Total RM'000
2022					
Capital expenditure	**587,786**	**708,000**	**1,111**	**21,932**	**1,318,829**
Right-of-use assets	**10,504**	**44,420**	**-**	**-**	**54,924**
Land held for property development	**-**	**-**	**8,695**	**-**	**8,695**
Intangible assets	**-**	**1,151**	**-**	**-**	**1,151**
	598,290	**753,571**	**9,806**	**21,932**	**1,383,599**
2021					
Capital expenditure	447,389	468,453	359	16,770	932,971
Right-of-use assets	6,700	28,343	-	-	35,043
Land held for property development	-	-	37,838	-	37,838
Intangible assets	-	2,590	-	-	2,590
	454,089	499,386	38,197	16,770	1,008,442

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investments in associates, joint ventures and deferred tax assets.

(i) Revenue from external customers by geographical location of customers

	2022 RM'000	2021 RM'000
Malaysia	**4,865,885**	3,568,072
Far East	**3,897,000**	3,079,512
Middle East	**611,506**	343,092
South East Asia	**8,811,279**	6,035,102
Southern Asia	**2,085,479**	1,876,416
Europe	**6,247,820**	4,732,902
North America	**758,701**	404,622
South America	**174,799**	139,898
Australia	**428,300**	213,671
Africa	**295,125**	188,374
Others	**48,035**	136,267
	28,223,929	20,717,928

(ii) Non-current assets other than financial instruments, investments in associates, joint ventures and deferred tax assets and additions to capital expenditure and right-of-use assets by geographical location of assets

	Non-current Assets		**Additions to Capital Expenditure and Right-of-use Assets**	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Malaysia	**8,828,464**	8,692,771	**707,652**	524,613
Indonesia	**5,344,754**	4,369,823	**519,455**	315,496
Australia	**468,141**	469,421	**21,758**	13,470
People's Republic of China	**361,321**	367,293	**25,033**	34,221
Europe	**1,293,423**	1,360,971	**94,276**	72,628
Liberia	**252,456**	237,362	**5,360**	1,007
Others	**11,221**	13,686	**219**	6,579
	16,559,780	15,511,327	**1,373,753**	968,014

(c) There is no single customer with revenue equal or more than 10% of the Group's revenue.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments of the Group and the Company are categorised as follows:

(i) Financial assets at amortised cost ("FA");
(ii) Fair value through profit or loss ("FVTPL");
(iii) Fair value through other comprehensive income ("FVOCI"); and
(iv) Financial liabilities at amortised cost ("FL").

	Carrying Amounts RM'000	FA RM'000	FVTPL RM'000	FVOCI RM'000	FL RM'000
Group					
2022					
Financial assets					
Other investments	**782,365**	**109,953**	**45,365**	**627,047**	**-**
Trade receivables	**2,073,376**	**2,073,376**	**-**	**-**	**-**
Other receivables, net of prepayments and indirect taxes	**871,814**	**871,814**	**-**	**-**	**-**
Contract assets	**83,186**	**83,186**	**-**	**-**	**-**
Derivative financial assets	**545,729**	**-**	**545,729**	**-**	**-**
Money market funds	**926,914**	**-**	**926,914**	**-**	**-**
Cash, deposits and bank balances	**2,542,606**	**2,542,606**	**-**	**-**	**-**
	7,825,990	**5,680,935**	**1,518,008**	**627,047**	**-**
Financial liabilities					
Borrowings	**10,406,667**	**-**	**-**	**-**	**10,406,667**
Trade payables	**1,057,413**	**-**	**-**	**-**	**1,057,413**
Other payables, net of indirect taxes and provision for retirement benefits	**1,163,309**	**-**	**-**	**-**	**1,163,309**
Contract liabilities	**142,625**	**-**	**-**	**-**	**142,625**
Lease liabilities	**184,157**	**-**	**-**	**-**	**184,157**
Derivative financial liabilities	**544,316**	**-**	**544,316**	**-**	**-**
	13,498,487	**-**	**544,316**	**-**	**12,954,171**
2021					
Financial assets					
Other investments	803,190	84,672	13,159	705,359	-
Trade receivables	2,103,096	2,103,096	-	-	-
Other receivables, net of prepayments and indirect taxes	1,327,660	1,327,660	-	-	-
Contract assets	7,448	7,448	-	-	-
Derivative financial assets	162,486	-	162,486	-	-
Money market funds	1,352,409	-	1,352,409	-	-
Cash, deposits and bank balances	2,430,262	2,430,262	-	-	-
	8,186,551	5,953,138	1,528,054	705,359	-
Financial liabilities					
Borrowings	9,624,912	-	-	-	9,624,912
Trade payables	939,050	-	-	-	939,050
Other payables, net of indirect taxes and provision for retirement benefits	1,902,294	-	-	-	1,902,294
Contract liabilities	121,098	-	-	-	121,098
Lease liabilities	163,524	-	-	-	163,524
Derivative financial liabilities	238,167	-	238,167	-	-
	12,989,045	-	238,167	-	12,750,878

Notes to the Financial Statements (Continued)

	Carrying Amounts RM'000	FA RM'000	FVTPL RM'000	FVOCI RM'000	FL RM'000
Company					
2022					
Financial assets					
Other investments	**68,129**	**-**	**-**	**68,129**	**-**
Other receivables, net of prepayments	**2,176**	**2,176**	**-**	**-**	**-**
Amounts owing by subsidiaries	**372,742**	**372,742**	**-**	**-**	**-**
Money market funds	**91,932**		**91,932**	**-**	**-**
Cash, deposits and bank balances	**319,828**	**319,828**	**-**	**-**	**-**
	854,807	**694,746**	**91,932**	**68,129**	**-**
Financial liabilities					
Borrowings	**1,000,000**	**-**	**-**	**-**	**1,000,000**
Other payables	**17,138**	**-**	**-**	**-**	**17,138**
Lease liabilities	**1,214**	**-**	**-**	**-**	**1,214**
Amount owing to subsidiaries	**525**	**-**	**-**	**-**	**525**
	1,018,877	**-**	**-**	**-**	**1,018,877**
2021					
Financial assets					
Other investments	67,904	-	-	67,904	-
Other receivables, net of prepayments	2,811	2,811	-	-	-
Amounts owing by subsidiaries	169,111	169,111	-	-	-
Money market funds	95,466		95,466	-	-
Cash, deposits and bank balances	45,492	45,492	-	-	-
	380,784	217,414	95,466	67,904	-
Financial liabilities					
Borrowings	709,000	-	-	-	709,000
Other payables	13,945	-	-	-	13,945
Amount owing to a subsidiary	454	-	-	-	454
	723,399	-	-	-	723,399

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss	**4,194**	(22,031)	**3,279**	617
Other investments				
- recognised in other comprehensive income	**26,306**	158,085	**226**	975
- recognised in profit or loss	**33,332**	18,894	**3,124**	4,158
	59,638	176,979	**3,350**	5,133
Financial assets at amortised cost	**101,110**	113,821	**14,251**	8,892
Financial liabilities at amortised cost	**(413,648)**	(252,736)	**(36,263)**	(24,456)
	(248,706)	16,033	**(15,383)**	(9,814)

(c) Financial risk management
The Group has exposure to the following risks from the use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(d) Credit risk
Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, investment securities and derivative assets used for hedging. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due the agreed credit periods, which are deemed to have higher credit risk, are monitored individually.

Other than other receivables as disclosed at Note 22, none of the receivables are secured by financial guarantees given by banks, shareholders or directors of the customers.

The Group and Company do not have any significant exposure to any individual customer.

The exposure of credit risk for trade receivables as at the end of the reporting period by business segment was:

	Group	
	2022	2021
	RM'000	RM'000
Plantation	**149,949**	205,878
Manufacturing	**1,899,055**	1,847,452
Property development	**22,016**	45,673
Others	**2,356**	4,093
	2,073,376	2,103,096

(ii) Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group invested in both domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

(iii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to plasma plantation projects. A subsidiary provides unsecured financial guarantees to banks in respect of banking facilities granted to certain sub-subsidiaries. The Group monitors on an on-going basis the results of the sub-subsidiaries and repayments made by the sub-subsidiaries.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no indication that any plasma plantation projects, subsidiary and/or sub-subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Maturity profile of financial guarantee contracts of the Group at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the plasma plantation projects or sub-subsidiaries in respect of the guaranteed bank facilities.

(iv) Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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

(e) Liquidity risk

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

The Group maintains sufficient levels of cash and cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and prudently balances its portfolio with some short and long-term funding so as to achieve overall cost effectiveness.

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

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

	Carrying Amounts RM'000	Contractual Interest/ Coupon Rate	Contractual Cash Flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
2022							
Borrowings	**10,406,667**	**0.70% to 4.65%**	**12,741,745**	**3,009,095**	**581,879**	**2,509,309**	**6,641,462**
Trade payables	**1,057,413**	**-**	**1,057,413**	**1,057,413**	**-**	**-**	**-**
Other payables, net of indirect tax	**1,163,309**	**-**	**1,163,309**	**1,163,309**	**-**	**-**	**-**
Contract liabilities	**142,625**	**-**	**142,625**	**142,625**	**-**	**-**	**-**
Lease liabilities	**184,157**	**0.09% to 12.00%**	**279,488**	**31,588**	**25,795**	**45,897**	**176,208**
Derivative financial liabilities	**544,316**	**-**	**544,316**	**544,316**	**-**	**-**	**-**
	13,498,487		**15,928,896**	**5,948,346**	**607,674**	**2,555,206**	**6,817,670**

	Carrying Amounts RM'000	Contractual Interest/ Coupon Rate	Contractual Cash Flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2021							
Borrowings	9,624,912	0.70% to 4.65%	11,001,614	3,601,786	656,435	3,414,716	3,328,677
Trade payables	939,050	-	939,050	939,050	-	-	-
Other payables, net of indirect tax	1,902,294	-	1,902,294	1,902,294	-	-	-
Contract liabilities	121,098	-	121,098	121,098	-	-	-
Lease liabilities	163,524	0.19% to 12.00%	199,284	35,822	103,342	44,208	15,912
Derivative financial liabilities	238,167	-	238,167	238,167	-	-	-
	12,989,045		14,401,507	6,838,217	759,777	3,458,924	3,344,589
Company							
2022							
Borrowings	**1,000,000**	**4.05% to 4.30%**	**1,179,505**	**541,210**	**18,031**	**62,880**	**557,384**
Other payables	**17,138**	**-**	**17,138**	**17,138**	**-**	**-**	**-**
Amounts owing to subsidiaries	**525**	**-**	**525**	**525**	**-**	**-**	**-**
Lease liability	**1,214**	**4.19%**	**1,383**	**234**	**234**	**701**	**214**
	1,018,877		**1,198,551**	**559,107**	**18,265**	**63,581**	**557,598**
2021							
Borrowings	709,000	2.66% to 4.05%	769,806	229,250	20,250	520,306	-
Other payables	13,945	-	13,945	13,945	-	-	-
Amount owing to a subsidiary	454	-	454	454	-	-	-
	723,399		784,205	243,649	20,250	520,306	-

(f) Market risk

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

(i) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, inter-company advances and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Pound Sterling ("GBP"), Euro, Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Indonesian Rupiah ("Rp"), Japanese Yen ("JPY") and Renminbi ("RMB").

Risk management objectives, policies and processes for managing the risk

Foreign currencies exposures of the Group are hedged through forward exchange contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in foreign currencies							
	USD	GBP	Euro	AUD	SGD	Rp	JPY	RMB
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2022								
Trade and other receivables	**556,990**	**3,753**	**453,346**	**2,664**	**6,860**	**16,271**	**275**	**2,977**
Short-term funds	**8,280**	**-**	**-**	**-**	**16,223**	**-**	**-**	**-**
Cash and cash equivalents	**306,593**	**578**	**31,736**	**2,918**	**40,808**	**2**	**35**	**5**
Borrowings	**(307,150)**	**-**	**(148,972)**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(196,080)**	**(220)**	**(212,878)**	**(233)**	**(5,769)**	**-**	**(19)**	**-**
Contract liabilities	**(54,582)**	**-**	**(11,016)**	**(14)**	**-**	**-**	**-**	**-**
Lease liabilities	**(76,778)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Forward exchange contracts	**(77,002)**	**-**	**682**	**75**	**-**	**183**	**-**	**-**
Exposure in the statement of financial position	**160,271**	**4,111**	**112,898**	**5,410**	**58,122**	**16,456**	**291**	**2,982**
2021								
Trade and other receivables	459,487	3,644	404,113	1,624	3,945	162,923	175	58
Short-term funds	8,343	-	-	-	-	-	-	-
Cash and cash equivalents	519,630	476	73,112	10,784	50,792	302	20,562	5
Borrowings	(594,743)	-	(141,021)	-	-	-	(157,797)	-
Trade and other payables	(101,774)	(44)	(208,138)	(1,340)	(4,144)	-	-	(3)
Contract liabilities	(49,451)	-	(21,243)	(5)	-	-	-	-
Lease liabilities	(77,168)	-	-	-	-	-	-	-
Forward exchange contracts	3,877	-	3,224	12	(6)	(929)	-	-
Exposure in the statement of financial position	168,201	4,076	110,047	11,075	50,587	162,296	(137,060)	60

	Denominated in foreign currencies			
	USD	AUD	SGD	Rp
	RM'000	**RM'000**	**RM'000**	**RM'000**
Company				
2022				
Amounts owing by subsidiaries	**-**	**213,138**	**-**	**39,132**
Cash and cash equivalents	**783**	**721**	**5,144**	**-**
Other payables	**-**	**(233)**	**-**	**-**
Exposure in the statement of financial position	**783**	**213,626**	**5,144**	**39,132**
2021				
Amounts owing by subsidiaries	-	169,097	-	-
Cash and cash equivalents	462	10,591	541	-
Other payables	-	(273)	-	-
Exposure in the statement of financial position	462	179,415	541	-

Currency risk sensitivity analysis

The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 5% strengthening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2022		2021	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
Functional currency/Foreign currency				
RM/GBP	**(4)**	**(6,993)**	(4)	(35,610)
RM/Euro	**11,911**	**-**	9,768	-
RM/USD	**76,773**	**-**	93,091	-
RM/SGD	**(3,154)**	**(829)**	(2,684)	(799)
RM/Rp	**(5,368)**	**-**	(8,892)	-
RM/AUD	**(286)**	**(2,100)**	(803)	(2,139)
RM/JPY	**(14)**	**-**	6,860	-
CHF/Euro	**(5,918)**	**-**	(5,737)	-
Rmb/USD	**(9,154)**	**-**	1,560	-
Euro/USD	**(10,921)**	**-**	(11,245)	-
Rp/USD	**6,490**	**-**	8,602	-
USD/RM	**(600)**	**-**	(149)	-
USD/Rp	**(750)**	**-**	(2,289)	-
SGD/USD	**(8)**	**-**	(10)	-
Company				
Functional currency/Foreign currency				
RM/USD	**(39)**	**-**	(23)	-
RM/SGD	**(257)**	**(595)**	(27)	(575)
RM/Rp	**(1,956)**	**-**	-	-
RM/AUD	**(10,681)**	**-**	(8,970)	-

A 5% weakening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have equal but opposite effect on profit after tax and equity.

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Money market funds, deposits with licensed banks, short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group through its Treasury Committee reviews the funding requirements for its business operations and capital expenditure and adopts a policy to secure an appropriate mix of fixed and floating rate exposure suitable for the Group.

To achieve this objective, the Group has obtained the most competitive cost of capital through the issuance of Islamic Medium Term Notes, long-term and short-term borrowings and trade financing facilities.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Fixed rate instruments				
Financial assets	**3,026,839**	2,908,419	**392,739**	197,692
Financial liabilities	**(9,218,093)**	(7,895,065)	**(1,000,000)**	(500,000)
	(6,191,254)	(4,986,646)	**(607,261)**	(302,308)
Floating rate instruments				
Financial assets	**506,326**	428,336	**17,763**	-
Financial liabilities	**(1,188,574)**	(1,729,847)	**-**	(209,000)
	(682,248)	(1,301,511)	**17,763**	(209,000)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 50 basis points in interest rates at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2022		2021	
	Profit/(Loss)	**Equity**	Profit/(Loss)	Equity
	RM'000	**RM'000**	RM'000	RM'000
Group				
Floating rate instruments				
Increase by 50 basis points	**(4,342)**	**-**	(5,717)	-
Decrease by 50 basis points	**4,342**	**-**	5,717	-
Company				
Floating rate instruments				
Increase by 50 basis points	**-**	**-**	(794)	-
Decrease by 50 basis points	**-**	**-**	794	-

(iii) Debt and equity price risk

Debt and equity price risk arises from the Group's investments in debt and equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all material buy and sell decisions are approved by the Board of Directors.

Debt and equity price risk sensitivity analysis

The analysis assumes that all other variables remain constant.

A 5% increase in debt and equity prices at the end of the reporting period would have increased the Group's and the Company's equity by RM30,474,000 (2021: RM31,712,000) and RM595,000 (2021: RM575,000) respectively. A 5% decrease in debt and equity prices would have equal but opposite effect on equity.

(iv) Commodity price risk
The Group is exposed to price fluctuation risk on commodities mainly of palm oil and rubber for derivative financial instruments under Note 28.

Risk management objectives, policies and processes for managing the risk
The prices of these commodities are subject to fluctuations due to uncontrollable factors such as weather, global demand and global production of similar and competitive crops. The Group mitigates the risk to the price volatility through hedging in the futures market and where deemed prudent, the Group sells forwards in the physical market.

Commodity price risk sensitivity analysis
A 5% increase/(decrease) of the commodities price at the end of the reporting period, with all other variables held constant, would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2022		2021	
	Profit/(Loss)	**Equity**	Profit/(Loss)	Equity
	RM'000	**RM'000**	RM'000	RM'000
Group				
5% increase in commodities prices	**(2,433)**	**-**	(16,659)	-
5% decrease in commodities prices	**2,433**	**-**	16,659	-

(g) Fair value of financial instruments
The carrying amounts of cash and bank balances, deposits with licensed banks, short-term receivables and payables reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Carrying Amounts/ Fair Values	
	2022	2021
	RM'000	RM'000
Group		
Other investments	**782,365**	803,190
Money market funds	**926,914**	1,352,409
Derivative financial instruments		
Forward foreign exchange contracts	**(75,640)**	6,141
Commodities future contracts	**77,053**	(81,822)
Other receivables	**428,863**	446,418
Borrowings	**(10,406,667)**	(9,624,912)
Company		
Other investments	**68,129**	67,904
Money market funds	**91,932**	95,466
Amounts owing by subsidiaries	**372,742**	169,111
Amounts owing to subsidiaries	**(525)**	(454)
Borrowings	**(1,000,000)**	(709,000)

Fair value hierarchy

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2022				
Fair value of financial instruments carried at fair value				
Other investments	**609,481**	**-**	**62,931**	**672,412**
Money market funds	**926,914**	**-**	**-**	**926,914**
Derivative financial instruments				
Forward foreign exchange contracts	**-**	**(75,640)**	**-**	**(75,640)**
Commodities future contracts	**77,053**	**-**	**-**	**77,053**
	1,613,448	**(75,640)**	**62,931**	**1,600,739**
Fair value of financial instruments not carried at fair value				
Amounts owing by investee companies	**-**	**-**	**109,953**	**109,953**
Other receivables	**-**	**-**	**428,863**	**428,863**
Borrowings	**-**	**-**	**(10,406,667)**	**(10,406,667)**
	-	**-**	**(9,867,851)**	**(9,867,851)**
2021				
Fair value of financial instruments carried at fair value				
Other investments	655,546	-	62,972	718,518
Money market funds	1,352,409	-	-	1,352,409
Derivative financial instruments				
Forward foreign exchange contracts	-	6,141	-	6,141
Commodities future contracts	(81,822)	-	-	(81,822)
	1,926,133	6,141	62,972	1,995,246
Fair value of financial instruments not carried at fair value				
Amounts owing by investee companies	-	-	84,672	84,672
Other receivables	-	-	446,418	446,418
Borrowings	-	-	(9,624,912)	(9,624,912)
	-	-	(9,093,822)	(9,093,822)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2022				
Fair value of financial instruments carried at fair value				
Other investments	**11,896**	**-**	**56,233**	**68,129**
Money market funds	**91,932**	**-**	**-**	**91,932**
	103,828	**-**	**56,233**	**160,061**
Fair value of financial instruments not carried at fair value				
Amounts owing by subsidiaries	**-**	**-**	**372,742**	**372,742**
Amount owing to subsidiaries	**-**	**-**	**(525)**	**(525)**
Borrowings	**-**	**-**	**(1,000,000)**	**(1,000,000)**
	-	**-**	**(627,783)**	**(627,783)**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2021				
Fair value of financial instruments carried at fair value				
Other investments	11,510	-	56,394	67,904
Money market funds	95,466	-	-	95,466
	106,976	-	56,394	163,370
Fair value of financial instruments not carried at fair value				
Amounts owing by subsidiaries	-	-	169,111	169,111
Amount owing to a subsidiary	-	-	(454)	(454)
Borrowings	-	-	(709,000)	(709,000)
	-	-	(540,343)	(540,343)

The following table shows a reconciliation of Level 3 fair value of other investments:

	Group		Company	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000
At beginning of the year	**62,972**	64,161	**56,394**	57,532
Net change in fair value	**(41)**	(1,189)	**(161)**	(1,138)
At end of the year	**62,931**	62,972	**56,233**	56,394

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

The following summarises the methods used in determining the fair values of financial instruments reflected in the above table.

Level 1 Fair Value

Investments in quoted shares and commodities future contracts

The fair values of investments that are quoted in an active market and commodities future contracts are determined by reference to their quoted closing bid price at the end of the reporting period.

Investments in money market funds

The fair values of money market funds are based on quoted price of the funds at the end of the reporting period.

Level 2 Fair Value

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is based on their quoted price at the end of the reporting period.

Level 3 Fair Value

Financial instruments not carried at fair value

Fair value of the following financial instruments not carried at fair value, which is determined for disclosure purposes, is calculated based on present value of future cash flows discounted at the market rate of interest at the end of the reporting date:

- Amounts owing by investee companies
- Other receivables
- Borrowings
- Amounts owing by subsidiaries
- Amounts owing to subsidiaries

Fair value of other unquoted investments is estimated based on adjusted net asset method.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either directions).

44. CAPITAL MANAGEMENT

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

The net debt-to-equity ratios at the end of the reporting period were:

	Group	
	2022	2021
	RM'000	RM'000
Total borrowings (Note 35)	**10,406,667**	9,624,912
Less: Short-term funds (Note 29)	**(267,937)**	(253,444)
Less: Cash and cash equivalents (Note 30)	**(3,201,583)**	(3,529,227)
Net debt	**6,937,147**	5,842,241
Total equity	**16,931,467**	14,951,391
Net debt-to-equity ratio	**0.41**	0.39

There were no changes in the Group's approach to capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is not subject to any other externally imposed capital requirements other than as disclosed in Note 35 to the financial statements.

45. COMPARATIVES

The following comparative amounts as at 30 September 2021 have been reclassified to conform with the current year's presentation:

	As at 30.09.2021 RM'000	**Adjustments RM'000**	**As at 01.10.2021 RM'000**
Group			
Statement of financial position			
Current assets			
Other investments	**121,048**	**(121,048)**	**-**
Cash and cash equivalents	**3,408,179**	**121,048**	**3,529,227**
Statements of cash flows			
Net cash flows generated from operating activities	**1,272,591**	**64**	**1,272,655**
Net cash flows used in investing activities	**(2,192,520)**	**(51,531)**	**(2,244,051)**
Net increase in cash and cash equivalents	**146,622**	**(51,467)**	**95,155**
Effects of exchange rate changes	**27,773**	**5**	**27,778**
Cash and cash equivalents at 1 October 2020	**3,110,551**	**172,510**	**3,283,061**
Cash and cash equivalents at 30 September 2021	**3,284,946**	**121,048**	**3,405,994**

	As at 30.09.2021 RM'000	Adjustments RM'000	As at 01.10.2021 RM'000
Company			
Statement of financial position			
Current assets			
Other investments	**95,466**	**(95,466)**	**-**
Cash and cash equivalents	**45,454**	**95,466**	**140,920**
Statements of cash flows			
Net cash flows used in operating activities	**(33,822)**	**26**	**(33,796)**
Net cash flows (used in)/generating from investing activities	**(56,904)**	**89,360**	**32,456**
Net decrease in cash and cash equivalents	**(122,194)**	**89,386**	**(32,808)**
Cash and cash equivalents at 1 October 2020	**168,604**	**6,080**	**174,684**
Cash and cash equivalents at 30 September 2021	**45,454**	**95,466**	**140,920**

46. AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors on 9 December 2022.

Statement by Directors and Statutory Declaration

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

In the opinion of the Directors, the financial statements set out on pages 110 to 210 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board

DATO' LEE HAU HIAN
(Managing Director)

DATO' YEOH ENG KHOON
(Director)

9 December 2022

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

I, Goo Swee Eng @ Goh Swee Eng (MIA: CA15953), being the officer primarily responsible for the financial management of Batu Kawan Berhad, do solemnly and sincerely declare that the financial statements set out on pages 110 to 210 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Ipoh in the)
State of Perak Darul Ridzuan)
on 9 December 2022.)

GOO SWEE ENG @ GOH SWEE ENG
(Chief Financial officer)

Before me:

MURUGAN A/L KRISHNAN
Commissioner for Oaths
Ipoh,
Perak Darul Ridzuan,
Malaysia.

Independent Auditors' Report to the Members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Batu Kawan Berhad, which comprise the statements of financial position as at 30 September 2022 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on 110 to 210.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 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.

1. Annual impairment assessment of the carrying amount of goodwill on consolidation

Goodwill on consolidation of the Group is allocated to three (3) cash-generating units ("CGUs"), which are plantation, manufacturing and property with a total carrying amount of RM446.2 million as disclosed in Note 16 to the financial statements. In relation to this, management is required to perform impairment assessment on an annual basis.

We determined the impairment assessment of goodwill for the plantation and manufacturing CGUs to be a key audit matter because the determination of the recoverable amounts of goodwill for these CGUs requires management to exercise significant judgement and estimates about the future results and the key assumptions applied to cash flow projections of the CGUs, including projected growth rates, commodity prices and volumes, operational costs, appropriate pre-tax discount rates, as well as industry trends and past performances.

Audit response

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

(i) assessed the historical reliability of projections of the Group by comparing prior period projection to actual results for the financial year;

(ii) evaluated the reasonableness of the key assumptions applied by management in the projections by the Group to available external industry sources of data and corroborated with the findings from other areas of the audit, where applicable; and

(iii) performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

2. **Impairment assessment of investment in an associate**
As at 30 September 2022, the carrying amount of the Group's investment in Synthomer plc ("Synthomer") amounted to RM2.25 billion (2021: RM1.66 billion) as disclosed in Note 19 to the financial statements.

Management has performed an impairment assessment due to the indication of impairment arising from the carrying amount of the investment exceeding the fair value of quoted Synthomer shares of RM676.3 million as at 30 September 2022. We considered this to be a key audit matter because of the significant judgements and estimates applied by management to determine the recoverable amount of Synthomer due to the key assumptions used in value-in-use calculations. The value-in-use calculations reflects certain key assumptions made by management including estimated future cash flows, growth rates and discount rates applied.

Audit response

Our audit procedures included the following:

(i) evaluated the reasonableness of the key assumptions applied by management in the projections by assessing historical performance and corroborated to other available audit evidence and findings, where applicable; and

(ii) performed sensitivity analysis to stress test the key assumptions used by the management in the impairment assessment.

3. **Determination of fair value of identifiable assets acquired and liabilities assumed on the acquisition of PT Pinang Witmas Sejati ("PWS")**

As disclosed in Note 41(b) to the financial statements, the Group acquired PWS in October 2021 for purchase considerations of RM319.8 million. Management has completed the purchase price allocation arising from the acquisition of PWS and fair value adjustments amounting to RM614.8 million, RM17.4 million and RM139.1 million were recognised on property, plant and equipment, right-of-use assets and deferred tax liabilities respectively.

We determined this to be a key audit matter due to the significant estimates and judgements applied by management in determining the fair value of identifiable assets acquired and liabilities assumed.

Audit response
Our audit procedures included the following:

(i) assessed the methodology and the appropriateness of the key assumptions applied by management on the valuation of property, plant and equipment and right-of-use assets of PWS; and

(ii) considered whether the relevant disclosures were appropriate in the financial statements

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

Independent Auditors' Report to the Members (Continued)

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, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or 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.

Independent Auditors' Report to the Members (Continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 41 to the financial statements.

Other Matter

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF0206
Chartered Accountants

LUM CHIEW MUN
Partner
03039/04/2023 J
Chartered Accountant

KUALA LUMPUR

9 December 2022

Analysis of Shareholdings

At 1 December 2022

Issued Share Capital : 399,535,463 ordinary shares (including 5,973,600 treasury shares)
Voting Rights : One (1) vote per share in the case of a poll and one (1) vote per person on a show of hands

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	112	2.40	2,984	0.00
100 – 1,000	1,546	33.08	1,030,500	0.26
1,001 – 10,000	2,223	47.56	8,053,015	2.05
10,001 – 100,000	650	13.91	18,928,629	4.81
100,001 – less than 5% of issued shares	140	3.00	155,202,767	39.44
5% and above of issued shares	3	0.06	210,343,968	53.45
TOTAL	**4,674**	**100.00**	**393,561,863**	**100.00**

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

	Name	No. of Shares	% of Issued Share Capital^
1.	Arusha Enterprise Sdn Bhd	165,125,639	41.96
2.	Wan Hin Investments Sdn Berhad	23,206,329	5.90
3.	Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.59
4.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Di-Yi Sdn Bhd (PB)	15,450,054	3.93
5.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (415321)	11,500,000	2.92
6.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Heah Seok Yeong Realty Sdn Berhad (PB)	10,271,903	2.61
7.	Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for High Quest Holdings Sdn Bhd (20-00217-000)	9,200,000	2.34
8.	Lee Chan Investments Sdn Bhd	9,159,275	2.33
9.	Decarats MG Sdn Bhd	8,000,000	2.03
10.	High Quest Holdings Sdn Bhd	7,116,780	1.81
11.	Teoh Guat Eng Holdings Sdn Bhd	6,132,188	1.56
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Heah Seok Yeong Realty Sdn Berhad (PB)	4,981,873	1.27
13.	Di-Yi Sdn Bhd	3,992,873	1.01
14.	Key Development Sdn Berhad	3,570,821	0.91
15.	Cengal Emas Sdn Bhd	3,380,996	0.86
16.	Malay-Sino Formic Acid Sdn Bhd	3,167,290	0.80
17.	Malay Rubber Plantations (Malaysia) Sdn Berhad	2,868,172	0.73
18.	Congleton Holdings Sdn Bhd	2,859,697	0.73
19.	Steppe Structure Sdn Bhd	2,284,728	0.58
20.	Chinchoo Investment Sdn Berhad	2,229,619	0.57
21.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	2,024,300	0.51
22..	Gan Teng Siew Realty Sdn Berhad	1,764,918	0.45

Analysis of Shareholdings (Continued)
At 1 December 2022

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (Continued)

	Name	No. of Shares	% of Issued Share Capital^
23.	Lee Oi Loon	1,649,771	0.42
24.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,621,150	0.41
25.	Dato' Lee Hau Hian	1,583,444	0.40
26.	Arusha Enterprise Sdn Bhd	1,540,785	0.39
27.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Lyne Ching Sdn Berhad (PB)	1,525,377	0.39
28.	Tan Sri Dato' Seri Lee Oi Hian	1,390,241	0.35
29.	Key Development Sdn Berhad	1,165,090	0.30
30.	Lee Nyit Kean	1,126,730	0.29
	TOTAL	**331,902,043**	**84.35**

^ Calculated based on 393,561,863 shares (excluding 5,973,600 treasury shares).

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total	
Name	No. of Shares	%^	No. of Shares	%^	No. of Shares	%^
Arusha Enterprise Sdn Bhd	166,974,581	42.42	6,035,462[1]	1.53	173,010,043	43.96
Wan Hin Investments Sdn Berhad	23,206,329	5.89	173,010,043[1]	43.96	196,216,372	49.85
Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.59	-	-	22,012,000	5.59
Di-Yi Sdn Bhd	19,442,927	4.94	196,216,372[1]	49.85	215,659,299	54.79
High Quest Holdings Sdn Bhd	16,316,780	4.14	196,216,372[1]	49.85	212,533,152	54.00
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309[2]	55.54	220,255,737	55.96
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419[3]	54.86	217,507,863	55.26
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474[4]	5.61	22,429,038	5.69
Grateful Blessings Inc	-	-	215,659,299[1]	54.79	215,659,299	54.79
The Grateful Blessings Foundation	-	-	215,659,299[1]	54.79	215,659,299	54.79
Cubic Crystal Corporation	-	-	212,533,152[1]	54.00	212,533,152	54.00
High Quest Anstalt	-	-	212,533,152[1]	54.00	212,533,152	54.00

^ Calculated based on 393,561,863 shares (excluding 5,973,600 treasury shares).

Notes:
[1] Deemed interest by virtue of Section 8(4) of the Act.
[2] Deemed interest in the shares held by his children and a company by virtue of Section 8(4) of the Act. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of Section 8(4) of the Act via other companies although he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members as discretionary beneficiaries of The Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of The Grateful Blessings Foundation Council).
[3] Deemed interest in the shares held by his child and by virtue of Section 8(4) of the Act.
[4] Deemed interest in the shares held by his spouse and children, and by virtue of Section 8(4) of the Act.

Analysis of Shareholdings (Continued)

At 1 December 2022

DIRECTORS' INTERESTS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Deemed Interest	
	No. of Shares	%^	No. of Shares	%^
Company: **Batu Kawan Berhad**				
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309[1]	55.54
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419[2]	54.86
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474[3]	5.61
Mr. Quah Chek Tin	-	-	-	-
Tan Sri Rastam Bin Mohd Isa	-	-	-	-
Dr. Tunku Alina Binti Raja Muhd Alias	-	-	-	-
Mr. Lee Yuan Zhang	10,271	*	-	-
Mr. Lim Ban Aik	6,200	*	5,000[4]	*
Madam Susan Yuen Su Min	-	-	-	-

^ Calculated based on 393,561,863 shares (excluding 5,973,600 treasury shares).

Notes:
- * Less than 0.01%.
- [1] Deemed interest in the shares held by his children and a company by virtue of Section 8(4) of the Act. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of Section 8(4) of the Act via other companies although he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members as discretionary beneficiaries of The Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of The Grateful Blessings Foundation Council).
- [2] Deemed interest in the shares held by his child and by virtue of Section 8(4) of the Act.
- [3] Deemed interest in the shares held by his spouse and children, and by virtue of Section 8(4) of the Act.
- [4] Deemed interest in the shares held by his spouse.

Name	Direct Interest		Deemed Interest	
	No. of Shares	%^	No. of Shares	%^
Subsidiary: **Kuala Lumpur Kepong Berhad**				
Tan Sri Dato' Seri Lee Oi Hian	151,112	0.01	515,223,496	47.78
Dato' Lee Hau Hian	84,536	*	515,094,496	47.77
Dato' Yeoh Eng Khoon	340,176	0.03	4,838,476	0.44
Dr. Tunku Alina Binti Raja Muhd Alias	1,000	*	-	-
Mr. Lim Ban Aik	11,000	*	-	-

^ Calculated based on 1,078,156,123 shares (excluding 2,861,662 treasury shares).
* Less than 0.01%.

By virtue of their deemed interests in the shares of the Company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of the other subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries.

Other than as disclosed above, none of the other Directors has any interest in the shares of its related corporations.

Properties Held by the Group
At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
PLANTATION							
MALAYSIA							
Kedah							
Ladang Pelam Baling	Freehold	–	2,960	Oil palm and rubber estate	1986 1992	–	46,609
Ladang Batu Lintang Serdang	Freehold	–	1,808	Oil palm estate and palm oil mill	1986	43	37,034
Ladang Buntar Serdang	Freehold	–	549	Oil palm estate	1986	–	13,611
Perak							
Ladang Lekir Manjung	Freehold	–	3,307	Oil palm estate	2008	–	160,126
Ladang Changkat Chermin Manjung	Leasehold	2080	2,525	Oil palm estate and palm oil mill	2008	39	72,928
Ladang Raja Hitam Manjung	Freehold	–	1,497	Oil palm estate	2008	–	53,821
Ladang Kuala Kangsar Padang Rengas	Freehold Leasehold	– 2896	1,007 333	Oil palm and rubber estate	1979* 2016	–	61,676
Ladang Subur Batu Kurau	Freehold	–	1,282	Oil palm estate	1986	–	30,048
Ladang Glenealy Parit	Freehold	–	1,059	Oil palm estate	1992	–	24,062
Ladang Serapoh Parit	Freehold	–	936	Oil palm and rubber estate	1979* 1992	–	11,640
Ladang Allagar Trong	Freehold Leasehold	– 2908	525 248	Oil palm estate	1986	–	9,395
Selangor							
Ladang Changkat Asa Hulu Selangor	Freehold	–	1,543	Oil palm and rubber estate, palm oil mill and rubber factory	1979*	42 47	25,858
Ladang Tuan Mee Sungai Buloh	Freehold	–	1,010	Oil palm estate and palm oil mill	1979*	50	31,172
Ladang Kerling Kerling	Freehold	–	1,222	Oil palm and rubber estate	2002 1979* 1985	–	60,761

Titled area is in hectares except otherwise indicated
* Year of last revaluation

Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Negeri Sembilan							
Ladang Ayer Hitam Bahau	Freehold	–	2,640	Oil palm estate	1985	–	39,919
Ladang Batang Jelai Rompin	Freehold	–	2,051	Oil palm and rubber estate	1985	–	36,110
Ladang Jeram Padang Bahau	Freehold	–	1,943	Oil palm and rubber estate, palm oil mill, rubber factory and biogas power plant	1985	32 33 4	32,296
Ladang Kombok Rantau	Freehold	–	1,910	Oil palm and rubber estate	1985	–	38,702
Ladang Ulu Pedas Pedas	Freehold	–	922	Oil palm estate	1985	–	14,578
Ladang Gunong Pertanian Simpang Durian	Leasehold	2077	686	Oil palm estate	1985	–	16,730
Johor							
Ladang Landak Paloh	Leasehold	2068 and 2078	4,451	Oil palm estate	1979*	–	19,174
Ladang Kekayaan Paloh	Leasehold	2068 and 2078	4,436	Oil palm estate, palm oil mill and biogas power plant	1979*	16 6	25,621
Ladang Voules Segamat	Freehold	–	4,514	Oil palm and rubber estate and rubber factory	1979*	49	55,821
Ladang Paloh Paloh	Freehold	–	2,003	Oil palm estate	1979*	–	31,154
Ladang Fraser Kulai	Freehold	–	1,915	Oil palm estate	1979*	–	40,732
Ladang Sungei Penggeli Bandar Tenggara	Leased property	2087	942	Oil palm estate	1988	–	27,157
Ladang Ban Heng Pagoh, Muar	Freehold	–	631	Oil palm estate	1979*	–	12,048
Ladang Sungai Bekok Bekok	Freehold	–	625	Oil palm estate	1979*	–	8,301

Titled area is in hectares except otherwise indicated
* Year of last revaluation

Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang See Sun Renggam	Freehold	–	589	Oil palm estate	1984	–	12,076
Pahang							
Ladang Sungei Kawang Lanchang	Freehold	–	1,861	Oil palm and rubber estate	1979*	–	24,108
Ladang Renjok Bentong	Freehold	–	1,578	Oil palm and rubber estate	1979*	–	32,612
Ladang Tuan Bentong	Freehold Leasehold	– 2030 and 2057	910 443	Oil palm and rubber estate	1979*	–	14,620
Ladang Selborne Padang Tengku, Kuala Lipis	Freehold	–	1,256	Rubber estate	1992	–	23,347
Ladang Kemasul Mengkarak	Freehold	–	459	Oil palm and rubber estate	1983	–	7,692
Kelantan							
Ladang Kuala Gris Kuala Krai	Freehold	–	2,429	Oil palm and rubber estate	1992	–	40,128
Ladang Kerilla Tanah Merah	Freehold	–	2,176	Oil palm and rubber estate	1992	–	36,191
Ladang Pasir Gajah Kuala Krai	Freehold Leasehold	– 2907	951 1,155	Oil palm estate and palm oil mill	1981*	41	34,185
Ladang Sungai Sokor Tanah Merah	Freehold	–	1,603	Oil palm and rubber estate	1992	–	31,082
Ladang Kuala Hau Machang	Freehold Leasehold	– 2326	305 242	Rubber estate	1980*	–	10,483
Sabah							
Tawau Region							
Ladang Jatika	Leasehold	Between 2068 and 2083	3,508	Oil palm estate	1991	–	59,920
Ladang Sigalong	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	1983	–	26,383
Ladang Pangeran	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	1983	21	35,445

Titled area is in hectares except otherwise indicated
* Year of last revaluation

Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Sri Kunak	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	1983	–	12,754
Ladang Pang Burong	Leasehold	Between 2063 and 2080	2,548	Oil palm estate	1983	–	19,245
Ladang Pinang	Leasehold	Between 2068 and 2085	2,420	Oil palm estate	1983	–	32,230
Ladang Tundong	Leasehold	Between 2063 and 2073	2,155	Oil palm estate, palm oil mill and biogas power plant	1983	36 10	23,931
Ladang Ringlet	Leasehold	Between 2065 and 2081	1,834	Oil palm estate	1989	–	25,688
Lahad Datu Region							
Ladang Tungku	Leasehold	2085	3,418	Oil palm estate	1991*	–	76,358
Ladang Bornion	Leasehold	2078	3,233	Oil palm estate and palm oil mill	1992	24	39,481
Ladang Bukit Tabin	Leasehold	2079	2,916	Oil palm estate	1993	–	68,808
Ladang Segar Usaha	Leasehold	2077	2,792	Oil palm estate	1990*	–	60,435
Ladang Rimmer	Leasehold	2085	2,730	Oil palm estate	1991*	–	74,367
Ladang Sungai Silabukan	Leasehold	2079	2,654	Oil palm estate	1993	–	20,780
Ladang Lungmanis	Leasehold	2085	1,656	Oil palm estate and palm oil mill	1991*	22	13,993
Sugut Region							
Ladang Sungai Sabang	Leasehold	Between 2068 and 2098	838	Oil palm estate	1999 2000	–	162,344
	Leased property	Between 2031 and 2099	3,812	Oil palm estate and palm oil mill	1999 2000 2001	20	
Ladang Rakanan Jaya North	Leasehold	Between 2095 and 2099	3,294	Oil palm estate	1999 2001	–	115,451
	Leased property	Between 2032 and 2099	657	Oil palm estate	1999 2000 2001	–	

Titled area is in hectares except otherwise indicated
* Year of last revaluation

Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Excellent Challenger I	Leasehold	Between 2079 and 2095	2,987	Oil palm estate	1997 2008	–	87,112
	Leased property	Between 2033 and 2098	519	Oil palm estate	1999 2000 2001	–	
Ladang Berakan Maju	Leasehold	Between 2079 and 2081	622	Oil palm estate	1999	–	94,635
	Leased property	Between 2031 and 2099	2,388	Oil palm estate	1999 2000 2001	–	
Ladang Excellent Challenger II	Leasehold	Between 2078 and 2095	919	Oil palm estate and palm oil mill	1997 2008	14	86,303
	Leased property	Between 2032 and 2099	1,939	Oil palm estate	2000	–	
Ladang Rakanan Jaya South	Leasehold	2095	277	Oil palm estate	1999 2001	–	28,069
	Leased property	Between 2031 and 2098	691	Oil palm estate	1999 2000 2001	–	
Sandakan Region							
Ladang Minat Teguh	Leasehold	Between 2077 and 2887	2,788	Oil palm estate	1997* 2000 2004	–	113,582
	Leased property	Between 2031 and 2099	51	Oil palm estate	1999 2000 2001	–	
Ladang Desa Talisai North	Leasehold	2082	2,415	Oil palm estate	1997* 2002	–	80,813
Ladang Meliau	Leasehold	Between 2087 and 2094	2,206	Oil palm estate	1997* 1998 2000 2002	–	80,769
	Leased property	Between 2032 and 2097	51	Oil palm estate	1999 2000 2001	–	
Ladang Desa Talisai South	Leasehold	2082	1,640	Oil palm estate and palm oil mill	1997* 2002	29	56,143

Titled area is in hectares except otherwise indicated
* Year of last revaluation

Properties Held by the Group (Continued)
At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Sijas	Leasehold	2087	1,011	Oil palm estate and seed production, training & research centre	1997* 2002	20	34,894
<u>INDONESIA</u>							
Bangka Belitung Region							
Kebun Steelindo Wahana Perkasa	Hak Guna Usaha	Extension in progress	14,065	Oil palm estate, palm oil mill, refinery, kernel crushing plant and biogas power plant	1994	22 9 9 10	152,500
Kebun Parit Sembada	Hak Guna Usaha	Extension in progress	3,990	Oil palm estate and palm oil mill	2003	14	9,457
Kebun Alam Karya Sejahtera AKS	Hak Guna Usaha	2050, 2051 and 2053	2,471	Oil palm estate	2010	–	44,067
Kebun Bumi Makmur Sejahtera Jaya	Hak Guna Usaha	Application in progress	382	Oil palm estate	2009	–	21,098
Riau Region							
Kebun Mandau	Hak Guna Usaha	2045	11,569	Oil palm estate, palm oil mill, kernel crushing plant and biogas power plant	1996	19 15 9	128,976
Kebun Nilo	Hak Guna Usaha	2028	12,860	Oil palm estate and palm oil mills	1996	19 and 10	308,972
	Hak Guna Usaha	2054	1,363	Oil palm estate	2005	–	35,723
Kebun Sekarbumi Alamlestari	Hak Guna Usaha	2049	6,200	Oil palm estate and palm oil mill	2009	26	49,772
North Sumatra Region							
PT Langkat Nusantara Kepong **	Leased property	2039	21,384	Oil palm estate and palm oil mills	2009	8 and 3	358,217
South Sumatra Region							
Kebun Pinang Witmas Sejati	Hak Guna Usaha	2034	14,738	Oil palm estate and palm oil mill	2021	18	638,422
	Hak Guna Usaha	2038	242	Oil palm estate			
Lampung Region							
Kebun Prima Alumga	Hak Guna Usaha	2021, 2029 and 2049	10,513	Oil palm estate	2010	–	324,481

Titled area is in hectares except otherwise indicated
* Year of last revaluation
** PT Langkat Nusantara Kepong operates on the property owned by the joint venture partner, PT Perkebunan Nusantara II.

Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
North Kalimantan Region							
Kebun Primabahagia Permai	Hak Guna Usaha	2046	7,731	Oil palm estate and palm oil mill	2008	2	526,451
	Hak Guna Usaha	Application in progress	2,290	Oil palm estate	2008	–	
	Izin Lokasi	2023	1,487	–	2008	–	
	Hak Guna Usaha	2057	1,310	Oil palm estate	2008	–	
	Hak Guna Usaha	2043	1,017	Oil palm estate	2008	–	
East Kalimantan Region							
Kebun Jabontara Eka Karsa	Hak Guna Usaha	2033	14,086	Oil palm estate and palm oil mill	2006	7	198,884
Kebun Putra Bongan Jaya	Hak Guna Usaha	2044	11,602	Oil palm estate and palm oil mill	2018	–	443,192
	Izin Lokasi	2023	4,460	–	2018	–	
Kebun Sinergi Agro Industri	Hak Guna Usaha	2044	10,104	Oil palm estate and palm oil mill	2008	5	551,333
	Hak Guna Usaha	2045	3,255	Oil palm estate	2014	–	
Kebun Malindomas Perkebunan	Hak Guna Usaha	2043	7,971	Oil palm estate	2007	–	96,479
Kebun Hutan Hijau Mas	Hak Guna Usaha	2029 and 2043	7,317	Oil palm estate, palm oil mill and biogas power plant	2007 2009	13 6	73,305
Kebun Satu Sembilan Delapan	Hak Guna Usaha	Between 2029 and 2044	5,728	Oil palm estate and palm oil mill	Between 2008 and 2009	8	90,751
Kebun Tekukur Indah	Hak Guna Usaha	2055	1,497	Oil palm estate	Between 2012 and 2016	–	11,232
Kebun Karya Bakti Sejahtera Agrotama	Hak Guna Usaha	2053	1,378	Oil palm estate	2012	–	189,411
	Hak Guna Usaha	Application in progress	2,885	Oil palm estate	2017	–	
Kebun Indonesia Plantation Synergy	Hak Guna Usaha	2054	3,556	Oil palm estate and palm oil mill	2009 2012	6	191,676

\# Titled area is in hectares except otherwise indicated

Properties Held by the Group (Continued)
At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Central Kalimantan Region							
Kebun Karya Makmur Abadi	Hak Guna Usaha	2051	9,397	Oil palm estate and palm oil mill	2007	7	235,464
Kebun Mulia Agro Permai	Hak Guna Usaha	2040	9,056	Oil palm estate and palm oil mill	2006	9	152,005
Kebun Menteng Jaya Sawit Perdana	Izin Lokasi	2023	2,384	Oil palm estate	2007	–	35,420
LIBERIA							
Palm Bay Estate Grand Bassa County	Leasehold	2063	13,007	Oil palm estate, palm oil mill, bulking installation, kernel crushing plant and biogas power plant	2013	4 3 3 1	183,208
MANUFACTURING							
MALAYSIA							
KL-Kepong Oleomas Klang, Selangor	Leasehold	2097	19	Oleochemical factory	2004	13 to 16	35,406
Palm-Oleo Rawang, Selangor	Freehold	–	15	Oleochemical, soap noodles and industrial amides factories	1991 1994	26 and 31	17,693
Malay-Sino Chemical Industries Lot 3557 and 4524 Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2056 and 2059	14	Chemical factory	Between 1996 and 2011	11 to 24	15,217
See Sen Chemical Lot 2989 and 3558 Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2055	12	Chemical factory	1995	26	5,276
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemical factory	2007	31 and 41	25,076
KLK Premier Oils Lahad Datu, Sabah	Leasehold	2066	4	Kernel crushing plant and refinery	1998	19 15	6,447
	Leasehold	2110	2	PKC warehouse	2007	13	4,589
Malay-Sino Chemical Industries Lot 70810 and 70811 4½ Miles, Jalan Lahat Ipoh, Perak	Leasehold	2074	5	Chemical factory and Methyl Chloride factory	1996* 2011	46 12	3,401 153

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Properties Held by the Group (Continued)
At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
KL-Kepong Edible Oils Pasir Gudang, Johor	Leasehold	2045	5	Refinery	1985	39	5,284
KLK Hardwood Flooring Ipoh, Perak	Leasehold	2089	5	Parquet factory	1994	28	2,759
KL-Kepong Rubber Products Ipoh, Perak	Leasehold Freehold	2045 –	4 3	Industrial land Rubber gloves factory	2020 2012	– 38	4,653 19,071
See Sen Chemical PT 6326, Bandar Sri Sendayan Seremban, Negeri Sembilan	Freehold	–	2	Chemical factory	2013	8	8,883
See Sen Chemical PTD 21873, Pasir Gudang Industrial Estate Pasir Gudang, Johor	Leasehold	2039	2	Chemical factory	1979	37	2,220
Fajar Palmkel Rawang, Selangor	Freehold	–	16,000 sq m	Kernel crushing plant	2019	3	8,654
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	2009	37	2,785
KLK Indahmas Klang, Selangor	Leasehold	2097	52	Industrial land	2019	–	180,419
Malay-Sino Chemical Industries Lot 541, Kg Acheh Industrial Estate Sitiawan, Perak	Leasehold	2087	1	Industrial land with warehouse	1996*	33	548
See Sen Chemical Lot 5441, Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2056	9,013 sq m	Acid pipeline	2003	–	88
Malay-Sino Properties Lot 9878, Kg Acheh Industrial Estate Sitiawan, Perak	Leasehold	2093	4,282 sq m	Industrial land with warehouse	1996*	27	202
CCM Chemicals Pasir Gudang Works Plot 411 Pasir Gudang Industrial Estate Pasir Gudang, Johor	Leasehold	2051	10	Industrial land, chemical factory and offices	2010*	22 to 29	44,338

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Properties Held by the Group (Continued)
At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
CCM Water Systems No 4 & 6 Jalan Kemajuan Satu 16/17A Shah Alam, Selangor	Leasehold	2094	1	Industrial land, chemical factory and offices	2010*	27	17,021
CCM Polymers No 69, Jalan P10/21 Selaman Industrial Park Section 10 Bandar Baru Bangi, Selangor	Leasehold	2098	7,969 sq m	Industrial land, chemical factory and offices	2018	10	25,946
Innovative Resins No 32, 34 and 36 Jalan P10/16 Selaman Industrial Park Section 10 Bandar Baru Bangi, Selangor	Leasehold	2098	2,915 sq m	Industrial land and chemical semi-detached factory	Between 2002 and 2006	21	5,293
INDONESIA							
PT KLK Dumai Dumai Timur, Riau	Leased property	2031	12,876 sq m	Oleochemical factory	2011	8	15,720
PT Prima Dumai Dumai Timur, Riau	Leased property	2025	1	Industrial land	2021	–	4,139
BELGIUM							
KLK Tensachem SA Ougree	Freehold	–	10	Surfactant factory	2014	15 to 92	21,507
CHINA							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemical factory	2004	17	36,089
Shanghai Jinshan Jingwei Chemical Jinshan, Shanghai	Leasehold	2052	2	Oleochemical factory	2008	17	2,618
GERMANY							
KLK Emmerich Emmerich Am Rhein	Freehold	–	21	Oleochemical factory	2010	29 to 69	13,007
KLK Emmerich Dusseldorf	Leasehold	2104	6	Oleochemical factory	2015	17 to 112	38,145
NETHERLANDS							
Dr. W. Kolb Netherlands BV Moerdijk	Freehold	–	8	Ethoxylation factory	2007	29	82,813

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Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
KLK Kolb Specialties BV Delden	Freehold	–	17	Chemical specialty factory	2018	19 to 75	43,575
SWITZERLAND							
Dr. W. Kolb AG Hedingen	Freehold	–	2	Ethoxylation factory	2007	22 to 58	73,925
PROPERTY DEVELOPMENT							
MALAYSIA							
Aura Muhibah Senai, Johor	Freehold	–	1,012	Property development operating as oil palm estate	2016	–	901,373
KL-Kepong Country Homes Ijok, Selangor	Freehold Freehold Leasehold	– – 2082, 2108 and 2117	54 658 11	Property development Property development operating as oil palm estate	1979 1979 2010 2018	– –	14,928 13,756
Colville Holdings Setul, Negeri Sembilan	Freehold	–	421	Property development operating as oil palm estate	1985	–	10,431
KL-Kepong Property Development Gombak, Selangor	Freehold	–	403	Property development operating as oil palm estate	2004	–	148,556
	Leasehold	2094	1	Property development	2020	–	1,405
Palermo Corporation Bagan Samak, Kedah	Freehold	–	351	Property development operating as oil palm estate	1986	–	13,017
Scope Energy Tanjung Kupang, Johor	Freehold	–	203	Property development	2016	–	883,909
KLK Park Homes Ijok, Selangor	Freehold	–	111 45	Property development Property development operating as oil palm estate	2020	–	39,184
Kompleks Tanjong Malim Hulu Selangor, Selangor	Freehold	–	172	Property development operating as oil palm estate	1979	–	9,259

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Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
KL-Kepong Property Management Paloh, Johor	Freehold	–	26	Property development operating as oil palm estate	1979*	–	391
KL-Kepong Complex Sungai Buloh, Selangor	Freehold	–	8	Property development	1979	–	3,144
Menara KLK No 1, Jalan PJU 7/6 Mutiara Damansara Petaling Jaya, Selangor	Freehold	–	5,730 sq m	Office building	2003	13	44,561
INVESTMENT PROPERTY							
MALAYSIA							
Innovative Resins No 5, Jalan 4/12E Section 4 Bandar Baru Bangi, Selangor	Leasehold	2097	130 sq m	Terraced house	2021*	21	455
Chemical Company of Malaysia Lot 3880, Mukim of Bukit Raja Klang, Selangor	Freehold	–	2	Industrial land, plant and warehouse	2021*	36	6,156
OTHERS							
MALAYSIA							
Stolthaven (Westport) Klang, Selangor	Leased property	2024	12	Bulking installation	2006 2014	8 and 24	16,162
Circular Agency Lot 202186, 202187 and 202188, Zarib Industrial Park Ipoh, Perak	Leasehold	2092	1	Land with office building and workshop	1996*	28	1,725
Wisma Taiko 1, Jalan S.P. Seenivasagam Ipoh, Perak	Freehold Leasehold	– 2892	2,984 sq m 2,408 sq m	Head Office building	1983 2000	37	35,182 1,582
Kelkay Bulking Installation Port Klang, Selangor	Leased property	2029	3,968 sq m	Bulking installation	1975 2014	47	298
Chemical Company of Malaysia Lot 10010 and 10111 Mukim 16 Seberang Perai Pulau Pinang	Freehold	–	9,970 sq m	Agriculture land	2021*	–	270

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* Year of last revaluation

Properties Held by the Group (Continued)

At 30 September 2022

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
INDONESIA							
SWP Bulking Installation Belitung Island	Hak Guna Bangunan	2035	20	Bulking installation and jetty	2005	13 and 17 16	11,498
SWP Warehouse East Belitung	Hak Guna Bangunan	2026	49,875 sq m	Warehouse	2018	17	1,642
PT Hutan Hijau Mas Berau, East Kalimantan	Hak Pakai	2035	8	Jetty	2010	8	887
3, 5, 6 & 7, Block C Ruko Puri Mutiara Sunter Agung Tanjung Priok Jakarta Utara	Hak Guna Bangunan	2027	300 sq m	Office building	2007	15	14
AUSTRALIA							
Chilimony Farm Northampton Western Australia	Freehold	–	16,189	Cereal and cattle farm	2012 2013	–	88,345
Wyunga Farm Dandaragan Western Australia	Freehold	–	5,678	Cereal farm	2013 2014	–	31,049
Erregulla Farm Mingenew Western Australia	Freehold	–	10,215	Cereal and sheep farm	2004* 2018	–	37,678
Mungedar Farm Dandaragan Western Australia	Freehold	–	9,888	Cereal and cattle farm	2014 2016 2020	–	87,630
Warrening Gully Farm Williams Western Australia	Freehold	–	5,119	Cereal and sheep farm	2004* 2014	–	29,705
Jonlorrie Farm York Western Australia	Freehold	–	4,927	Cereal and sheep farm	2013 2014	–	70,447
Tatchbrook Farm Arthur River Western Australia	Freehold	–	6,516	Cereal and sheep farm	2015 2016 2017	–	52,843

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PROXY FORM

BATU KAWAN BERHAD

196501000504 (6292-U)

No. of Shares Held	CDS Account No.	Tel. No.

I/We ____
(Full Name in Block Letters)

NRIC/Passport/Company No. ______________________________

of ____
being (a) member(s) of BATU KAWAN BERHAD hereby appoint

______________________________ NRIC/Passport No. ______________________
(Full Name in Block Letters)

*and/or ______________________________ NRIC/Passport No. ______________________
(Full Name in Block Letters)

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at its Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 23 February 2023 at 2.15 p.m. and at any adjournment thereof, and to vote as indicated below:

Resolution	Relating to:	For	Against
	Re-election of the following Directors who retire by rotation in accordance with the Company's Constitution:		
1	Tan Sri Dato' Seri Lee Oi Hian		
2	Dato' Lee Hau Hian		
3	Dato' Yeoh Eng Khoon		
4	Re-election of Ms. Susan Yuen Su Min who was appointed during the year and retire in accordance with the Company's Constitution		
5	Payment of Directors' fees		
6	Payment of Directors' benefits		
7	Re-appointment of Auditors and their remuneration		
8	Proposed Renewal of Authority to Buy Back Shares		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	Proposed Renewal of Authority for Directors to Allot and Issue New BKB Shares in relation to the Dividend Reinvestment Plan		

** Please delete if inapplicable.*

Please indicate with a tick (√) how you wish your vote to be cast

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:	
	Percentage (%)
Proxy 1	
Proxy 2	

____
Signature of Shareholder

Date: ______________________

Notes:

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend and vote at the same meeting on his/her behalf. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies in the instrument appointing the proxies the proportion of shareholdings to be represented by each proxy.

(b) Where the proxy form is executed by a corporation, it must be signed under its common seal or where the corporation does not have a common seal, by any two (2) of its authorised officers or under the hand of its officer or attorney duly authorised. In the case of a corporation with a single director, it shall be signed by the single director and countersigned by the company secretary of the corporation.

(c) Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by the Company not less than twenty-four (24) hours before the time appointed for the taking of the poll:
- In hardcopy form
  The original proxy form shall be deposited at the Company Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("**Boardroom**"), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
- Electronically
  The proxy form can be electronically lodged with Boardroom via Boardroom's website, Boardroom Smart Investor Portal at *https://investor.boardroomlimited.com*. Please follow the procedures set out in the Administrative Guide for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at *bsr.helpdesk@boardroomlimited.com*.

(e) The power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority, shall be deposited with Tricor not less than twenty-four (24) hours before the time appointed for the taking of the poll.

(f) If neither "for" nor "against" is indicated above, the proxy will vote or abstain as he/she thinks fit.

(g) Only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 15 February 2023 shall be entitled to attend or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to participate, speak and vote in his/her stead.

Personal Data Privacy

By submitting the duly executed proxy form, the member (i) consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, including any adjournment thereof and (ii) warrants that where the member discloses the personal data of the member's proxy(ies), attorney(s) and/or representative(s) to the Company (and/or its agents/service providers), the member has obtained the prior consent of such persons for the collection, use and disclosure by the Company (and/or its agents/service providers) of the personal data of such persons for the purpose of the Annual General Meeting, including any adjournment thereof, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Affix Stamp Here

BATU KAWAN BERHAD
C/O BOARDROOM SHARE REGISTRARS SDN BHD
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

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