Johor Plantations Group Berhad

(formerly known as Johor Plantations Berhad and
Mahamurni Plantations Sdn. Bhd.)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)

and its subsidiaries

Accountants' Report on the Consolidated Financial Statements

Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.)
(Registration No. 197801001260 (38290-V))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income

	Note	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Revenue	4	622,363	1,107,968	1,751,645	1,549,235	1,020,759
Cost of sales		(481,973)	(577,430)	(981,698)	(921,487)	(735,780)
Gross profit		140,390	530,538	769,947	627,748	284,979
Other income		15,218	6,789	10,961	30,934	23,721
Administrative expenses		(50,694)	(64,849)	(126,604)	(99,619)	(99,009)
Other operating expenses		(2,193)	(2,997)	(16,689)	(3,785)	(5,419)
Results from operating activities		102,721	469,481	637,615	555,278	204,272
Finance income		1,446	1,476	4,643	2,213	2,843
Finance costs	5	(48,942)	(38,227)	(73,138)	(68,943)	(89,504)
Profit before tax and zakat	6	55,225	432,730	569,120	488,548	117,611
Tax credit/(expense)	7	2,926	(134,470)	(67,554)	(139,877)	(62,710)
Zakat	8	-	(6,202)	(6,202)	(4,055)	(2,595)
Profit and total comprehensive income for the period/year		58,151	292,058	495,364	344,616	52,306
Other comprehensive expense, net of tax						
Item that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability		(2,895)	-	-	-	-
Other comprehensive expense for the period/year, net of tax		(2,895)	-	-	-	-
Total comprehensive income for the period/year		55,256	292,058	495,364	344,616	52,306

Consolidated statement of profit or loss and other comprehensive income (continued)

	Note	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Profit attributable to:						
Owner of the Group		58,344	292,131	495,592	344,796	52,501
Non-controlling interest		(193)	(73)	(228)	(180)	(195)
Profit for the period/year		58,151	292,058	495,364	344,616	52,306
Total comprehensive income attributable to:						
Owners of the Group		55,449	292,131	495,592	344,796	52,501
Non-controlling interest		(193)	(73)	(228)	(180)	(195)
Total comprehensive income for the period/year		55,256	292,058	495,364	344,616	52,306
Basic earnings per ordinary share (sen)						
Historical	24	4	22	37	946	144
Enlarged	24	4	22	37	26	4
Diluted earnings per ordinary share (sen)						
Historical	24	4	22	37	946	144
Enlarged	24	4	22	37	26	4

The notes on pages 8 to 84 are an integral part of these consolidated financial statements.

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Consolidated statement of financial position

	Note	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Assets					
Property, plant and equipment	9	2,468,407	2,461,941	2,438,257	2,424,139
Right-of-use assets	10	1,693,238	1,601,797	1,629,679	1,659,438
Intangible assets	11	-	627	627	749
Trade and other receivables	12	-	63,975	63,972	64,114
Total non-current assets		4,161,645	4,128,340	4,132,535	4,148,440
Biological assets	13	32,187	22,713	39,465	19,148
Inventories	14	40,274	66,690	21,666	18,484
Trade and other receivables	12	56,758	185,105	165,055	109,506
Current tax assets		90,460	23,881	1,074	1,026
Other investments	15	25,580	25,954	27,588	27,215
Cash and cash equivalents	16	92,031	25,453	198,320	156,519
Total current assets		337,290	349,796	453,168	331,898
Total assets		4,498,935	4,478,136	4,585,703	4,480,338
Equity					
Share capital	17	1,329,363	1,329,363	36,432	36,432
Invested equity	17	-	-	46,572	46,572
Other reserves	17	(617,202)	(617,202)	696,066	611,066
Retained earnings		1,249,285	1,263,629	1,094,149	949,353
Equity attributable to owners of the Group		1,961,446	1,975,790	1,873,219	1,643,423
Non-controlling interests		309	502	730	235
Total equity		1,961,755	1,976,292	1,873,949	1,643,658
Liabilities					
Trade and other payables	22	180,375	101,200	-	-
Deferred tax liabilities	18	463,822	461,590	585,846	574,414
Borrowings	19	1,483,704	1,587,209	1,762,983	1,900,440
Employee benefits	20	9,763	6,666	8,080	8,517
Lease liabilities	21	107,337	682	1,035	1,129
Total non-current liabilities		2,245,001	2,157,347	2,357,944	2,484,500
Trade and other payables	22	93,625	148,773	205,259	188,383
Borrowings	19	196,472	180,351	115,647	141,622
Derivative financial liabilities	23	-	-	-	3,788
Lease liabilities	21	1,780	736	1,238	923
Current tax liabilities		302	14,637	31,666	17,464
Total current liabilities		292,179	344,497	353,810	352,180
Total liabilities		2,537,180	2,501,844	2,711,754	2,836,680
Total equity and liabilities		4,498,935	4,478,136	4,585,703	4,480,338

The notes on pages 8 to 84 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

	Note	Share capital RM'000	Invested equity RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2020		36,432	46,572	295,112	1,214,852	1,592,968	(20)	1,592,948
Profit and total comprehensive income for the year		-	-	-	52,501	52,501	(195)	52,306
Issuance of shares to non-controlling interests		-	-	-	-	-	450	450
Dividends paid to the owner of the Company	25	-	-	-	(318,000)	(318,000)	-	(318,000)
Effect of business combination under common control		-	-	315,954	-	315,954	-	315,954
Total transactions with owners of the Company		-	-	315,954	(318,000)	(2,046)	450	(1,596)
At 31 December 2020/1 January 2021		36,432	46,572	611,066	949,353	1,643,423	235	1,643,658
Profit and total comprehensive income for the year		-	-	-	344,796	344,796	(180)	344,616
Issuance of shares to non-controlling interests		-	-	-	-	-	675	675
Dividends paid to the owner of the Company	25	-	-	-	(200,000)	(200,000)	-	(200,000)
Effect of business combination under common control		-	-	85,000	-	85,000	-	85,000
Total transactions with owners of the Company		-	-	85,000	(200,000)	(115,000)	675	(114,325)
At 31 December 2021/1 January 2022		36,432	46,572	696,066	1,094,149	1,873,219	730	1,873,949

Consolidated statement of changes in equity (continued)

	Note	Share capital RM'000	Invested equity RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 December 2021/1 January 2022		36,432	46,572	696,066	1,094,149	1,873,219	730	1,873,949
Profit and total comprehensive income for the year		-	-	-	495,592	495,592	(228)	495,364
Dividends paid to the owner of the Company	25	-	-	-	(82,500)	(82,500)	-	(82,500)
Effect of business combination under common control:								
- Acquisition of business	31.1	961,819	-	(1,028,728)	(197,612)	(264,521)	-	(264,521)
- Acquisition of subsidiaries	31.2	331,112	(46,572)	(284,540)	(46,000)	(46,000)	-	(46,000)
Total transactions with owners of the Company		1,292,931	(46,572)	(1,313,268)	(326,112)	(393,021)	-	(393,021)
At 31 December 2022/1 January 2023		1,329,363	-	(617,202)	1,263,629	1,975,790	502	1,976,292
Remeasurement of defined benefit liability		-	-	-	(2,895)	(2,895)	-	(2,895)
Total other comprehensive income for the period		-	-	-	(2,895)	(2,895)	-	(2,895)
Profit for the period		-	-	-	58,344	58,344	(193)	58,151
Total comprehensive income for the period		-	-	-	55,449	55,449	(193)	55,256
Dividends paid to the owner of the Company	25	-	-	-	(69,793)	(69,793)	-	(69,793)
At 31 July 2023		1,329,363	-	(617,202)	1,249,285	1,961,446	309	1,961,755
		Note 17	Note 17	Note 17				

The notes on pages 8 to 84 are an integral part of these consolidated financial statements.

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Consolidated statement of cash flows

	Note	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Cash flows from operating activities						
Profit before tax		55,225	432,730	569,120	488,548	117,611
Adjustments for:						
Change in fair value on biological assets	13	(9,474)	2,825	16,752	(20,317)	(13,257)
Depreciation of property, plant and equipment	9	43,583	46,042	78,838	76,033	77,630
Amortisation of right-of-use assets	10	17,525	17,395	28,108	31,130	29,664
Interest income		(1,446)	(1,476)	(4,643)	(2,213)	(2,843)
Interest expense	5	48,942	38,227	73,138	68,943	89,504
Written off of property, plant and equipment		1,820	30	232	66	805
Others		718	(308)	829	664	5,561
Operating profit before changes in working capital		156,893	535,465	762,374	642,854	304,675
Change in inventories		26,416	(29,455)	(45,024)	(3,182)	4,447
Change in trade and other payables		(102,123)	(48,759)	(56,721)	16,876	82,545
Change in trade and other receivables		121,702	(50,096)	(44,488)	(55,210)	(98,804)
Cash generated from operations		202,888	407,155	616,141	601,338	292,863
Tax paid		(82,769)	(100,699)	(235,822)	(116,914)	(46,066)
Tax refund		5,282	42	1,561	2,623	7,576
Zakat paid		-	(6,202)	(6,202)	(4,055)	(2,595)
Employee benefits paid	20	(524)	(167)	(2,368)	(1,262)	(450)
Net cash flows generated from operating activities		124,877	300,129	373,310	481,730	251,328
Cash flows used in investing activities						
Acquisition of property, plant and equipment	9	(51,590)	(28,236)	(101,777)	(86,658)	(73,468)
Proceeds from disposal of property, plant and equipment		-	-	2,803	77	-
Interest received		1,156	1,427	2,767	2,016	2,843
Withdrawal of deposits placed and pledged with licensed bank		374	(14)	1,634	(373)	-
Net cash flows used in investing activities		(50,060)	(26,823)	(94,573)	(84,938)	(70,625)

Consolidated statement of cash flows (continued)

	Note	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Cash flows (used in)/ from financing activities						
Dividend paid	12.2, 25	-	(50,000)	(82,500)	(200,000)	(318,000)
Interest paid		(49,001)	(38,334)	(76,330)	(72,184)	(90,305)
Advance from immediate holding company	22.1	144,000	-	-	-	-
Repatriation of cash from immediate holding company		-	15,000	-	85,000	315,954
Repatriation of cash to immediate holding company		-	-	(220,256)	-	-
Repatriation of cash to related companies		-	-	(61,339)	-	-
Proceeds from issuance of shares to non-controlling interests		-	-	-	675	450
Repayment of derivative		-	-	-	(3,788)	-
Repayment of advancement from immediate holding company		(14,650)	-	-	-	-
Repayment of borrowings	19	(89,444)	(89,937)	(407,536)	(243,036)	(354,053)
Payment of lease liabilities	21	(1,237)	(823)	(1,309)	(1,262)	(1,045)
Proceeds from borrowings	19	2,093	266,676	397,666	79,604	299,971
Net cash flows (used in)/ from financing activities		(8,239)	102,582	(451,604)	(354,991)	(147,028)
Net increase/(decrease) in cash and cash equivalents		66,578	375,888	(172,867)	41,801	33,675
Cash and cash equivalents at 1 January		25,453	198,320	198,320	156,519	122,844
Cash and cash equivalents at 31 July/December	16	92,031	574,208	25,453	198,320	156,519

(i) Acquisition of property, plant and equipment

During the period, the Group acquired property, plant and equipment with an aggregate cost of RM51.9 million (31.07.2022: RM28.3 million, 31.12.2022: RM105.6 million, 31.12.2021: RM90.2 million, 31.12.2020: RM74.6 million) of which RM0.3 million (31.07.2022: RM0.1 million, 31.12.2022: RM3.8 million, 31.12.2021: RM3.6 million, 31.12.2020: RM1.1 million) was acquired by means of capitalisation of interest expense as stated in Note 5 to the financial statements.

The notes on pages 8 to 84 are an integral part of these consolidated financial statements.

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Notes to the consolidated financial statements

Johor Plantations Group Berhad (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
K.B. 705 Ulu Tiram Estate
81800 Ulu Tiram
Johor

Registered office
Level 11, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor

The Company is principally engaged in the production of palm oil and palm kernels, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no change in the nature of these activities during the financial years.

The immediate holding company of the Company is Kulim (Malaysia) Berhad, a public limited liability company incorporated and domiciled in Malaysia. The ultimate holding corporation of the Company is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995).

1. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") have been prepared in connection with the proposed listing of and quotation for the entire issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

The consolidated financial statements of the Company for the financial periods ended 31 July 2023 and 31 July 2022 and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 were prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative year presented or, if later, at the date that common control were established and for this purpose, comparatives were restated. Please refer to note 2(a)(vi) on the accounting policy on business combination under common control.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The consolidated financial statements of the Group for the financial periods ended 31 July 2023 and 31 July 2022 and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020, have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia.

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

Amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

Amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

1. Basis of preparation (continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

- Note 13 - Fair value of biological assets

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

(ii) Business combinations

Business combinations that are not under common control are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Non-controlling interests

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

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

(v) 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.

(vi) Business combination under common control

Business combination arising from transfers of interests in entities or transfer of businesses in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity and any resulting gain or loss is recognised directly in equity. The surplus or deficit in respect of the consideration paid over the aggregated amounts of assets and liabilities of the acquired businesses as of the date of the common control transaction is recognised in Group's equity.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the 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 rate at that date.

2. Significant accounting policies (continued)

(b) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Amortised cost (continued)

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

Financial liabilities

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Finance expenses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

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. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(iv) Offsetting

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

Bearer plants are living plants that are used in the production of agriculture produce for more than one period. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of maturity.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group 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 plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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 they are available for use, except for bearer plant which is depreciated over twenty two (22) years from the date it is ready for commercial harvesting. Freehold land is not depreciated. Property, plant and equipment under construction and immature bearer assets are not depreciated until the assets are ready for their intended use or when the bearer assets are declared mature. Immature bearer assets are estimated to mature 3 years from the planting date.

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

• Bearer assets (oil palm)	22 years from year of maturity
• Buildings	10 - 25 years
• Plant and machinery	10 - 13 years
• Motor vehicles	3 - 5 years
• Furnitures and fittings	5 - 10 years

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

(e) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

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

(ii) Recognition and initial measurement

As a lessee

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

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

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

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

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

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment 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.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss as incurred.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other 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 the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

- trademark 10 years

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

(g) Inventories

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

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

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.

(h) Biological assets

Biological assets comprise agricultural produce that grows on oil palm plantations.

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

(i) Cash and cash equivalents

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

2. Significant accounting policies (continued)

(j) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

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

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

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets

The carrying amounts of the other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exist, 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 each 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 will has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which the 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 units exceeds its estimated recoverable amount.

Impairment losses are recognised in the statement of 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 the statement of profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(k) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when or as the customer obtains control of the asset.

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

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

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

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

(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 of borrowing costs.

2. Significant accounting policies (continued)

(n) Borrowing costs

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

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

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

(o) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

The Group operates defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees in accordance with agreement between the Malayan Agricultural Producers Association ("MAPA") and the National Union of Plantation Workers as well as between MAPA and All Malayan Estates Staff Union.

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

(iii) Defined benefit plans (continued)

The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value taking into account various factors including mortality and disability rates, turnover rates, future salary increases and estimated future cash outflows. These gratuity benefits are calculated based on the specified rates for each completed year of service.

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

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability. Net interest on the net defined benefit liability is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in OCI in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2. Significant accounting policies (continued)

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to 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 substantially 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 base. Deferred tax is measured at the tax rates that are expected to be apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of each reporting period.

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 liabilities and assets 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.

(q) Zakat

This represents business zakat. The Group recognises its obligation towards the payment of zakat on business income in the statement of profit or loss. Zakat expense is derived from the net adjusted amount of zakat assets and liabilities used for or derived from business activities.

(r) Earnings per ordinary share

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

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

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

2. Significant accounting policies (continued)

(s) Operating segments

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

(t) Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

3. Subsidiaries

The details of the subsidiaries are as follows:

Name of company	Principal place of business	Principal activities	Effective ownership interest 31.07.2023 %	31.12.2022 %	31.12.2021 %	31.12.2020 %
Pembangunan Mahamurni Sdn. Bhd.#	Malaysia	Investment holding	-	100	100	100
JPG Plantations Sdn. Bhd. (formerly known as Kulim Plantations (Malaysia) Sdn. Bhd.)	Malaysia	Production of palm oil and palm kernels	100	100	-	-
JPG Jenterra Sdn. Bhd. (formerly known as Edaran Badang Sdn. Bhd.)	Malaysia	Dealer in agricultureal machinery and parts	100	100	-	-
JPG Planterra Sdn. Bhd. (formerly known as Cultination Sdn. Bhd.)	Malaysia	Sales of palm nursery and other plantation products and services	100	100	-	-
JPG Terrasolutions Sdn. Bhd. (formerly known asKulim Safety Training and Services Sdn. Bhd.)	Malaysia	Provision of training and safety products and services	100	100	-	-
JPG Greenergy Ventures Sdn. Bhd. (formerly known as Kulim Green Energy Ventures Sdn. Bhd.)	Malaysia	Production of Bio-Methane	55	55	-	-
JPG Greenergy Sdn. Bhd. (formerly known as Kulim Greenergy Sdn. Bhd.)	Malaysia	Production of Bio-Methane	100	100	-	-

3. Subsidiaries (continued)

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

Name of company	Principal place of business	Principal activities	Effective ownership interest 31.07.2023 %	31.12.2022 %	31.12.2021 %	31.12.2020 %
Held through Pembangunan Mahamurni Sdn. Bhd.						
United Malayan Agriculture Corporation Berhad#	Malaysia	Oil palm plantation	-	100	100	100
Held through JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety Training and Services Sdn. Bhd.)						
Optimum Status Sdn. Bhd.#	Malaysia	Provision of mechanical and electrical services	-	100	-	-

Disposed during the period

3.1 Disposal of investment in subsidiaries in 2023

In February 2023, the Company has entered into a share sale agreement with the immediate holding company to dispose 100% of the Company's shareholdings in Pembangunan Mahamurni Sdn. Bhd. and Optimum Status Sdn. Bhd. to the immediate holding company for a total purchase consideration of RM1 for each subsidiary payable by cash.

The disposals do not have any significant effect on the financial position and results of the Group.

4. Revenue

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Revenue from contracts with customers					
Crude palm oil ("CPO")	536,111	940,162	1,486,584	1,308,543	872,185
Palm kernel ("PK")	78,997	155,878	242,449	219,089	129,552
Fresh fruit bunches ("FFB")	-	-	-	3,945	6,978
Trading and support service	7,255	11,928	22,612	17,658	12,044
Total revenue	622,363	1,107,968	1,751,645	1,549,235	1,020,759
Timing of revenue recognition					
At a point in time	621,262	1,107,366	1,751,233	1,546,702	1,018,633
Over time	1,101	602	412	2,533	2,126
	622,363	1,107,968	1,751,645	1,549,235	1,020,759
Geographical market					
Malaysia	622,363	1,107,968	1,751,645	1,549,235	1,020,759

Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration
FFB	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 7 days from invoice date.	Penalty in relation to ripeness standard of the crop.
CPO	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 7 days from invoice date.	There would be penalty charges where the quality of CPO is below certain threshold.
PK	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at Group's premises.	Before collection of goods.	There would be penalty charges where the quality of PK is below certain threshold.

4. Revenue (continued)

Revenue from performance obligations that are unsatisfied at the reporting date are as follows:

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Crude palm oil	70,360	39,883	22,894	16,517	14,522
Palm kernel	13,086	7,569	1,193	12,130	15,229
	83,446	47,452	24,087	28,647	29,751

5. Finance costs

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	48,580	38,256	76,534	72,086	90,045
Interest expense on lease liabilities	421	78	31	98	260
Other finance cost	220	-	353	325	298
	49,221	38,334	76,918	72,509	90,603
Recognised in profit or loss	48,942	38,227	73,138	68,943	89,504
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying asset:					
- Property, plant and equipment	279	107	3,780	3,566	1,099
	49,221	38,334	76,918	72,509	90,603

6. Profit before tax

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Profit before tax is arrived after charging/ (crediting):					
Auditors' remunerations					
Audit fees:					
- KPMG PLT	300	211	362	-	-
- Other auditors	-	3	9	226	206
Non-audit fees:					
- KPMG PLT	770	19	50	-	-
- Other auditors	-	-	-	103	29
Material expenses/ (income)					
Depreciation of property, plant and equipment	43,583	46,042	78,838	76,033	77,630
Amortisation of right-of-use assets	17,525	17,395	28,108	31,130	29,664
Fair value (gain)/loss on biological assets	(9,474)	2,825	16,752	(20,317)	(13,257)
Personnel expenses (including key management personnel):					
- Salaries, wages, allowances and bonuses	101,020	83,612	209,434	174,568	181,539
- Defined contribution plan	11,235	8,739	21,086	17,271	13,445
- Defined benefit plan	506	351	601	500	4,191
- Other benefits	2,173	3,352	12,195	8,367	13,089
	114,934	96,054	243,316	200,706	212,264

7. Tax (credit)/expense

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Recognised in profit or loss					
Current tax (credit)/expense					
Current year	20,309	133,950	198,588	132,802	65,440
(Overprovision)/ underprovision in prior years	(25,467)	3	(6,778)	(4,357)	(2,165)
	(5,158)	133,953	191,810	128,445	63,275
Deferred tax (credit)/ expense					
Origination and reversal of temporary differences	4,760	517	(123,855)	14,028	(1,900)
(Overprovision)/ underprovision in prior years	(2,528)	-	(401)	(2,596)	1,335
	2,232	517	(124,256)	11,432	(565)
Total income tax (credit)/expense	(2,926)	134,470	67,554	139,877	62,710

7. Tax (credit)/expense (continued)

Reconciliation of tax (credit)/expense	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Profit before tax	55,225	432,730	569,120	488,548	117,611
Income tax calculated using Malaysian tax rate of 24% (2022: 24%, 2021: 24%, 2020: 24%)	13,254	103,855	136,589	117,252	28,227
Tax recognised at different rate (note a)	-	13,018	17,020	-	-
Non-deductible expenses	11,629	18,024	34,829	32,400	41,246
Non-taxable income	(24)	(69)	(9)	(2,539)	(5,931)
Effect of waiver of Real Property Gain Tax (note b)	-	-	(113,123)	-	-
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowance	-	(361)	(573)	(283)	(2)
Current year losses for which no deferred tax asset was recognised	210	-	-	-	-
(Overprovision)/ underprovision of current tax in prior years (note c)	(25,467)	3	(6,778)	(4,357)	(2,165)
(Overprovision)/ underprovision of deferred tax in prior years	(2,528)	-	(401)	(2,596)	1,335
Total income tax (credit)/expense	(2,926)	134,470	67,554	139,877	62,710

7. Tax (credit)/expense (continued)

Note a

In the year of assessment 2022, a special one-off tax which is called 'Cukai Makmur' (Prosperity Tax) was imposed on non-micro, small and medium enterprise companies which generate high profits during the period of the COVID-19 pandemic. Chargeable income in excess of RM100 million was charged an income tax rate of 33% for YA 2022.

Note b

On 13 April 2022, the ultimate holding corporation, Johor Corporation ("JCorp") applied to Ministry of Finance ("MoF") for an exemption for Real Property Gain Tax ("RPGT") and stamp duty for several land and buildings under the Group in conjunction with the internal re-organisation exercise. On 2 November 2022 and 3 November 2022, MoF granted the waiver of RPGT and stamp duty to the said land and buildings which were subject to the completion of the internal restructuring of the Group on 1 December 2022. Consequently, the tax bases of freehold land, of which their carrying values will be realised through sale, have been revised to the transaction values as per the exemption application.

Note c

Overprovision of current tax expense in prior year relates to the Group's decision to claim certain expenses, of which based on initial judgment, applied a consistent approach with prior years not to claim these expenses.

8. Zakat

Zakat expense relates to RM NIL (31.07.2022: RM6.2 million, 31.12.2022: RM6.2 million, 31.12.2021: RM4.1 million, 31.12.2020: RM2.6 million) of zakat provided and paid during the financial period ended.

9. Property, plant and equipment

	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2020	1,619,301	846,562	58,271	114,069	182,879	10,680	23,567	23,928	2,879,257
Additions	-	4,752	35,338	2,320	5,245	1,086	1,914	23,912	74,567
Disposals	-	-	-	(664)	(392)	(48)	(382)	-	(1,486)
Written off	-	(7,749)	-	(277)	(1,356)	(511)	(1,417)	-	(11,310)
Reclassification	-	5,628	(5,628)	391	3,166	96	3,267	(6,920)	-
At 31 December 2020/ 1 January 2021	1,619,301	849,193	87,981	115,839	189,542	11,303	26,949	40,920	2,941,028
Additions	-	934	27,553	9,202	20,242	1,816	3,133	27,344	90,224
Disposals	-	(5,004)	-	(49)	(124)	(16)	(212)	-	(5,405)
Written off	-	-	-	-	(301)	(398)	(1,989)	-	(2,688)
Reclassification	-	47,185	(47,185)	11,883	26,052	1,218	687	(39,840)	-
At 31 December 2021/ 1 January 2022	1,619,301	892,308	68,349	136,875	235,411	13,923	28,568	28,424	3,023,159
Additions	-	237	28,597	5,291	4,117	1,116	6,202	59,997	105,557
Disposals	-	(2,111)	-	(226)	(8)	(1)	(1,641)	-	(3,987)
Written off	-	(12,565)	-	(480)	(44)	(135)	(980)	(19)	(14,223)
Reclassification	-	36,697	(36,697)	3,260	7,337	115	289	(11,001)	-
At 31 December 2022/ 1 January 2023	1,619,301	914,566	60,249	144,720	246,813	15,018	32,438	77,401	3,110,506
Additions	-	-	13,757	1,077	514	426	2,103	33,992	51,869
Written off	-	-	-	(1)	(7,338)	(34)	(343)	-	(7,716)
Disposal of subsidiaries	-	-	-	-	(1)	(50)	(184)	-	(235)
Reclassification	-	8,594	(8,594)	365	1,946	12	452	(2,775)	-
At 31 July 2023	1,619,301	923,160	65,412	146,161	241,934	15,372	34,466	108,618	3,154,424

9. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2020	-	330,921	-	31,915	67,388	4,328	16,424	-	450,976
Depreciation for the year	-	45,856	-	7,033	18,314	2,659	3,768	-	77,630
Disposals	-	-	-	(664)	(388)	(56)	(386)	-	(1,494)
Written off	-	(7,027)	-	(276)	(1,291)	(504)	(1,407)	-	(10,505)
At 31 December 2020/ 1 January 2021	-	369,750	-	38,008	84,023	6,427	18,399	-	516,607
Depreciation for the year	-	44,728	-	7,309	18,416	2,117	3,463	-	76,033
Disposals	-	(5,004)	-	(47)	(49)	(16)	(212)	-	(5,328)
Written off	-	-	-	-	(245)	(392)	(1,985)	-	(2,622)
At 31 December 2021/ 1 January 2022	-	409,474	-	45,270	102,145	8,136	19,665	-	584,690
Depreciation for the year	-	45,669	-	8,486	19,789	1,864	3,030	-	78,838
Disposals	-	-	-	(38)	(8)	(1)	(1,137)	-	(1,184)
Written off	-	(12,520)	-	(328)	(43)	(134)	(966)	-	(13,991)
At 31 December 2022/ 1 January 2023	-	442,623	-	53,390	121,883	9,865	20,592	-	648,353
Depreciation for the period	-	24,404	-	4,864	10,989	952	2,374	-	43,583
Written off	-	-	-	(1)	(5,523)	(29)	(343)	-	(5,896)
Disposals of subsidiaries	-	-	-	-	(1)	(50)	(184)	-	(235)
At 31 July 2023	-	467,027	-	58,253	127,348	10,738	22,439	-	685,805

9. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated Impairment									
At 1 January 2020/ 31 December 2020/ 1 January 2021	-	-	-	-	215	38	29	-	282
Reversal of impairment loss	-	-	-	-	(70)	-	-	-	(70)
At 31 December 2021/ 1 January 2022/ 31 December 2022/ 31 July 2023	-	-	-	-	145	38	29	-	212
Carrying amounts									
At 1 January 2021	1,619,301	479,443	87,981	77,831	105,304	4,838	8,521	40,920	2,424,139
At 31 December 2021/ 1 January 2022	1,619,301	482,834	68,349	91,605	133,121	5,749	8,874	28,424	2,438,257
At 31 December 2022/ 1 January 2023	1,619,301	471,943	60,249	91,330	124,785	5,115	11,817	77,401	2,461,941
At 31 July 2023	1,619,301	456,133	65,412	87,908	114,441	4,596	11,998	108,618	2,468,407

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Carrying amount of assets pledged as security for borrowings:				
- freehold land	407,346	407,346	407,346	407,346
- bearer assets	266,059	276,715	289,958	300,817
- immature fields	30,048	27,814	28,874	30,283
- work-in-progress	33,591	32,086	13,779	-
	737,044	743,961	739,957	738,446

9. Property, plant and equipment (continued)

Title deed

Included in the freehold land of the Group are amounts of RM1,010 million (31.12.2022: 1,010 million, 31.12.2021: RM1,010 million, 31.12.2020: RM1,010 million) where the title deeds are not registered under the name of the Group entities as at 31 July 2023 with only administrative matters to be completed for the title deeds to be registered under the name of the Group entities.

10. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Office equipment RM'000	Total RM'000
At 1 January 2020	1,668,123	1,188	116	1,669,427
Additions	22,339	104	-	22,443
Amortisation for the year	(29,184)	(465)	(15)	(29,664)
Derecognition	(2,436)	(243)	(89)	(2,768)
At 31 December 2020/1 January 2021	1,658,842	584	12	1,659,438
Additions	-	1,420	45	1,465
Amortisation for the year	(30,580)	(532)	(18)	(31,130)
Derecognition	(37)	(56)	(1)	(94)
At 31 December 2021/1 January 2022	1,628,225	1,416	38	1,629,679
Additions	1,028	73	-	1,101
Amortisation for the year	(27,860)	(248)	-	(28,108)
Modification	-	(829)	(37)	(866)
Derecognition	-	(8)	(1)	(9)
At 31 December 2022/1 January 2023	1,601,393	404	-	1,601,797
Additions	2,234	1,501	-	3,735
Amortisation for the period	(17,148)	(377)	-	(17,525)
Modification	105,472	-	-	105,472
Derecognition	-	(241)	-	(241)
At 31 July 2023	1,691,951	1,287	-	1,693,238

Included in leasehold land are:

a) Leasehold land of the Group with carrying amounts of RM1,584 million (31.12.2022: RM1,597 million, 31.12.2021: RM1,619 million, 31.12.2020: RM1,643 million) which have lease periods expiring between 2087 to 2911.

10. Right-of-use assets (continued)

Included in leasehold land are (continued) :

b) The Group had a lease arrangement with the ultimate holding corporation, Johor Corporation ("JCorp") for the lease of estate land for a period of 3 years which comprises four (4) estates (together with all buildings erected thereon) known as Bukit Payung, Tunjuk Laut, Bukit Kelompok and Pasir Logok since 2020. In 2023, the lease arrangement was approaching its expiry and thus, the Group has extended the existing lease arrangement for another 3 years commencing from 1 July 2023. Despite the lease was only extended for another 3 years, given that the Group has planted bearer assets on the land, the Group is of the view that the Group is reasonably certain to extend the lease arrangement beyond 3 years. Consequently, in the assessment of lease period for the purpose of computing the lease liability and right-of-use assets, the Group uses 25 years which is the total estimated useful life of bearer assets. As for the lease payments beyond 3 years contracted period, the Group uses the current lease rate to measure the lease liability. The lease arrangement extension is not accounted for as a separate lease and at the effective date of lease modification, the lease liabilities have been remeasured by discounting the revised lease payments using a revised discount rate determined based on the Group's incremental borrowing rate at the effective date of the lease modification. The remeasurement of lease liabilities resulted in corresponding adjustments to the right-of-use assets.

Asset pledged as security for borrowings

Leasehold land of the Group with carrying amounts of RM1,136 million (31.12.2022: RM1,146 million, 31.12.2021: RM1,162 million, 31.12.2020: RM1,179 million) are pledged to secure loans and borrowings (Note 19).

Leasehold land title deed

Included in the leasehold land of the Group are amounts of RM675 million (31.12.2022: RM679 million, 31.12.2021: RM688 million, 31.12.2020: RM696 million) where the title deeds are not registered under the name of the Group entities as at the end of the reporting period with only administrative matters to be completed for the title deeds to be registered under the name of the Group entities.

11. Intangible assets

	Goodwill RM'000	Trademark RM'000	Total RM'000
Cost			
At 1 January 2020/31 December 2020/1 January 2021	627	244	871
Written off	-	(244)	(244)
At 31 December 2021/1 January 2022/ 31 December 2022/1 January 2023	627	-	627
Disposal of a subsidiary	(627)	-	(627)
At 31 July 2023	-	-	-
Amortisation			
At 1 January 2020	-	98	98
Amortisation for the year	-	24	24
At 31 December 2020/1 January 2021	-	122	122
Amortisation for the year	-	14	14
Written off	-	(136)	(136)
At 31 December 2021/1 January 2022/ 31 December 2022/1 January 2023/ 31 July 2023	-	-	-
Carrying amount			
At 1 January 2021	627	122	749
At 31 December 2021/1 January 2022	627	-	627
At 31 December 2022/1 January 2023	627	-	627
At 31 July 2023	-	-	-

12. Trade and other receivables

	Note	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Non-current					
Non-trade					
Amount due from ultimate holding corporation	12.1	-	3,461	3,441	3,593
Less: Allowance for impairment loss		-	(17)	-	(10)
		-	3,444	3,441	3,583
Deposit	12.2	-	60,531	60,531	60,531
		-	63,975	63,972	64,114
Current					
Trade					
Trade receivables		35,740	43,446	85,262	44,865
Less: Allowance for impairment loss		(1,457)	(1,457)	(2,247)	(1,992)
		34,283	41,989	83,015	42,873
Amount due from ultimate holding corporation	12.1	53	72	81	106
Less: Allowance for impairment loss		(6)	-	(17)	(7)
		47	72	64	99
Amount due from related companies	12.4	426	334	1,111	541
Less: Allowance for impairment loss		(95)	(23)	(5)	(5)
		331	311	1,106	536
Non-trade					
Others receivables		8,939	4,862	3,769	750
Less: Allowance for impairment loss		(405)	(247)	(99)	(80)
		8,534	4,615	3,670	670
Amount due from ultimate holding corporation	12.1	-	-	2	-
Less: Allowance for impairment loss		-	-	-	-
		-	-	2	-
Amount due from immediate holding company	12.3	-	127,072	73,331	58,556
Amount due from related companies	12.4	-	9,391	1,040	4,363
Less: Allowance for impairment loss		-	(78)	-	(611)
		-	9,313	1,040	3,752
Deposits		1,075	218	1,491	441
Prepayments		12,488	1,515	1,336	2,579
		56,758	185,105	165,055	109,506

12. Trade and other receivables (continued)

12.1 Amount due from ultimate holding corporation

The outstanding amounts in previous years of 31.12.2022: RM3,461,000, 31.12.2021: RM3,441,000 and 31.12.2020: RM3,593,000 were unsecured, borne interest of 31.12.2022: 3.79%, 31.12.2021: 4.11% and 31.12.2020: 4.26% per annum and had no fixed term of repayment.

Other than as disclosed above, the other amount due from ultimate holding corporation is generally unsecured, non-interest bearing and repayable on demand.

12.2 Non-current deposit

The deposit in other non-current assets was part payment of the purchase price amounting to RM60.53 million for the acquisition of four (4) pieces of land from the ultimate holding corporation in 2020. The Group, however, has a change in plan and no longer intends to acquire the land from the ultimate holding corporation. As such, the deposit was novated to the immediate holding company and was settled as part of the dividend declared to the immediate holding company of RM69,793,000 on 31 March 2023 which was settled by contra.

12.3 Amounts due from immediate holding company

These amounts were unsecured, borne interest of 3.19% to 4.47% (31.12.2022: 3.19% to 4.47%, 31.12.2021: 3.44% to 4.41%, 31.12.2020: 3.95% to 5.22%) per annum and are repayable on demand.

12.4 Amounts due from related companies

The outstanding amounts in previous years of 31.12.2022: RM9,171,000, 31.12.2021: RM1,287,000 and 31.12.2020: RM1,218,000 which bear interest of 31.12.2022: 3.19% to 3.74%, 31.12.2021: 3.44% to 4.11% and 31.12.2020: 3.95% to 4.26% per annum are repayable on demand.

Other than as disclosed above, the other amounts due from related companies are generally unsecured, non-interest bearing and repayable on demand.

13. Biological assets

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Fresh fruit bunches				
At 1 January	22,713	39,465	19,148	5,891
Changes in fair value recognised in profit or loss	9,474	(16,752)	20,317	13,257
At 31 December	32,187	22,713	39,465	19,148

During the financial period ended, the Group has harvested approximately 485,236 metric tonnes ("mt") (31.07.2022: 575,618 mt, 31.12.2022: 1,111,524 mt, 31.12.2021: 1,035,343 mt, 31.12.2020: 1,055,580 mt) of fresh fruit bunches ("FFB").

The Group has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on the income approach which considers the net present value of all directly attributable net cashflows including imputed contributory asset charges. Biological assets are classified as current assets for bearer plants that are expected to be harvested.

The significant unobservable inputs used in the valuation models include FFB price of RM609/mt to RM733/mt (31.12.2022: RM563/mt to RM711/mt, 31.12.2021: RM1,069/mt to RM1,211/mt, 31.12.2020: RM748/mt to RM861/mt).

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy. If the selling price of the FFB increase or decrease by 5%, profit or loss of the Group would have increased or decreased by approximately RM1.928 million (31.12.2022: RM1.390 million, 31.12.2021: RM2.999 million, 31.12.2020: RM1.455 million).

14. Inventories

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Cost				
Raw materials and consumables	23,202	46,513	7,875	7,588
Finished goods	17,072	20,177	13,791	10,896
	40,274	66,690	21,666	18,484

15. Other investments

	Note	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Amortised cost					
Deposits placed with licensed banks	15.1	113	767	531	484
Deposits pledged with licensed bank	15.2	25,467	25,187	27,057	26,731
		25,580	25,954	27,588	27,215

15.1 Deposits placed with licensed banks

The weighted average interest rate per annum of the fixed deposits of the Group is 2.96% (31.12.2022: 2.34%, 31.12.2021: 2.35%, 31.12.2020: 3.04%) per annum.

The weighted average maturities of the fixed deposits of the Group is 182 days (31.12.2022: 244 days, 31.12.2021: 319 days, 31.12.2020: 319 days).

15.2 Deposits pledged with licensed bank

The deposits pledged with licensed banks of the Group is pledged for bank facilities granted to the Group.

The weighted average interest rate per annum of the fixed deposits is 3.28% (31.12.2022: 2.32%, 31.12.2021: 2.20%, 31.12.2020: 3.15%).

The weighted average maturities of the deposits pledged with licensed bank of the Group is 181 days (31.12.2022: 244 days, 31.12.2021: 365 days, 31.12.2020: 365 days).

16. Cash and cash equivalents

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Cash and bank balances	50,960	6,509	7,529	6,477
Cash held on behalf by immediate holding company	-	-	190,460	149,598
Short-term money market funds	41,071	18,944	331	444
	92,031	25,453	198,320	156,519

Short-term money market funds of the Group are highly liquid fund investments which can be realised within 2 days (31.12.2022: 2 days, 31.12.2021: 2 days, 31.12.2020: 7 days). They bear interest of 3.00% (31.12.2022: 2.07%, 31.12.2021: 2.84%, 31.12.2020: 1.78%) per annum.

17. Capital and reserves

	Number of shares 31.07.2023	Amount 31.07.2023 RM'000	Number of shares 31.12.2022	Amount 31.12.2022 RM'000	Number of shares 31.12.2021	Amount 31.12.2021 RM'000	Number of shares 2020	Amount 31.12.2020 RM'000
Issued and fully paid ordinary shares with no par value classified as equity instruments:								
At beginning of the period/year	1,329,362,794	1,329,363	36,432,000	36,432	36,432,000	36,432	36,432,000	36,432
Issuance of ordinary shares	-	-	1,292,930,794	1,292,931	-	-	-	-
At end of the period/year	1,329,362,794	1,329,363	1,329,362,794	1,329,363	36,432,000	36,432	36,432,000	36,432

Ordinary shares

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

Invested equity

For the purpose of the consolidated financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the Group's acquired subsidiaries and has been reversed against other reserve on the restructuring completion date of 1 December 2022.

Other reserves

Other reserves of the Group relates to the surplus or deficit in respect of the consideration received over the book value of the transferees or acquirees under the common control transactions as disclosed in Note 31.1 and Note 31.2.

18. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Property, plant and equipment	(179,519)	(180,507)	(300,736)	(298,839)
Right-of-use assets	(302,840)	(280,804)	(281,582)	(282,212)
Biological assets	(7,725)	(5,647)	(13,526)	(7,146)
Inventories	(3,193)	(147)	-	-
Other payables	3,280	5,460	8,154	9,334
Lease liabilities	26,175	55	564	457
Unutilised tax losses and unabsorbed capital allowances	-	-	1,280	3,992
Tax liabilities	(463,822)	(461,590)	(585,846)	(574,414)

Movement in temporary differences during the year

	At 1.1.2020 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.7.2023 RM'000
Property, plant and equipment	(296,887)	(1,952)	(298,839)	(1,897)	(300,736)	120,229	(180,507)	988	(179,519)
Right-of-use assets	(285,245)	3,033	(282,212)	630	(281,582)	778	(280,804)	(22,036)	(302,840)
Biological assets	(3,454)	(3,692)	(7,146)	(6,380)	(13,526)	7,879	(5,647)	(2,078)	(7,725)
Inventories	-	-	-	-	-	(147)	(147)	(3,046)	(3,193)
Other payables	6,987	2,347	9,334	(1,180)	8,154	(2,694)	5,460	(2,180)	3,280
Lease liabilities	(605)	1,062	457	107	564	(509)	55	26,120	26,175
Unutilised tax losses and unabsorbed capital allowances	4,225	(233)	3,992	(2,712)	1,280	(1,280)	-	-	-
	(574,979)	565	(574,414)	(11,432)	(585,846)	124,256	(461,590)	(2,232)	(463,822)

18. Deferred tax liabilities (continued)

Unrecognised deferred tax assets

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

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Unutilised tax losses, expiring in:				
- 2029	-	-	-	5,636
- 2030	6,206	6,219	7,674	3,123
- 2031	243	243	311	382
- 2032	662	-	-	-
	7,111	6,462	7,985	9,141
Unabsorbed capital allowances	246	20	220	194
Other deductible temporary differences	-	-	666	714
	7,357	6,482	8,871	10,049

In accordance with the provision of Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year from the respective year of assessment. Tax losses can only be utilised once capital allowance has been fully exhausted.

19. Borrowings

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Non-current				
Secured				
Term loan 1	347,809	377,740	419,759	468,081
Term loan 2	1,110,431	1,185,269	1,334,169	1,408,303
Term loan 3	17,439	16,155	8,874	-
Term loan 4	7,958	7,958	-	-
Hire purchase	67	87	181	282
Unsecured				
Term loan 5	-	-	-	23,774
	1,483,704	1,587,209	1,762,983	1,900,440
Current				
Secured				
Term loan 1	44,156	28,383	39,540	24,543
Term loan 2	149,432	149,027	74,008	66,127
Term loan 3	847	847	-	-
Term loan 4	-	-	-	-
Hire purchase	37	94	99	152
Unsecured				
Term loan 5	-	-	-	800
Revolving credit	2,000	2,000	2,000	50,000
	196,472	180,351	115,647	141,622
	1,680,176	1,767,560	1,878,630	2,042,062

19. Borrowings (continued)

Changes in liabilities arising from financing activities:

	Note	Term loan 1 RM'000	Term loan 2 RM'000	Term loan 3 RM'000	Term loan 4 RM'000	Other term loan RM'000	Revolving credit RM'000	Hire purchase RM'000	Total RM'000
At 1 January 2020		497,622	1,419,432	-	-	108,603	70,000	487	2,096,144
Proceeds from borrowings net of transaction costs		-	70,000	-	-	10,971	219,000	-	299,971
Repayment of borrowings		(5,000)	(15,000)	-	-	(95,000)	(239,000)	(53)	(354,053)
At 31 December 2020/1 January 2021		492,622	1,474,432	-	-	24,574	50,000	434	2,042,062
Proceeds from borrowings net of transaction costs		459	1,231	8,873	-	7,041	62,000	-	79,604
Repayment of borrowings		(33,767)	(67,500)	-	-	(31,615)	(110,000)	(154)	(243,036)
At 31 December 2021/1 January 2022		459,314	1,408,163	8,873	-	-	2,000	280	1,878,630
Proceeds from borrowings net of transaction costs		445	1,134	8,129	7,958	-	380,000	-	397,666
Novated to immediate holding company	19.7	(11,200)	-	-	-	-	(90,000)	-	(101,200)
Repayment of borrowings		(42,437)	(75,000)	-	-	-	(290,000)	(99)	(407,536)
At 31 December 2022/1 January 2023		406,122	1,334,297	17,002	7,958	-	2,000	181	1,767,560
Proceeds from borrowings net of transaction costs		243	566	1,284	-	-	-	-	2,093
Repayment of borrowings		(14,400)	(75,000)	-	-	-	-	(44)	(89,444)
Disposal of subsidiary		-	-	-	-	-	-	(33)	(33)
At 31 July 2023		391,965	1,259,863	18,286	7,958	-	2,000	104	1,680,176

19. Borrowings (continued)

19.1 Term loan 1

The term loan bears interest ranging from 4.57% to 4.80% (31.12.2022: 3.66% to 4.25%, 31.12.2021: 3.38% to 3.60%, 31.12.2020: 3.65% to 5.00%) per annum and is repayable via 28 quarterly instalments (excluding interest), with the first instalment commencing in March 2020 and the final instalment in December 2026. The instalments progressively increase towards the final instalments with the amounts ranging from RM 2.5 million to RM188.80 million.

19.2 Term loan 2

The term loan bears interest at 4.49% to 5.53% (31.12.2022: 3.67% to 3.72%, 31.12.2021: 3.35%, 31.12.2020: 3.33% to 4.60%) per annum and is repayable via 45 quarterly instalments (excluding interest), with the first instalment commencing in December 2020 and the final instalment in December 2031. The instalments progressively increase towards the final instalments with the amounts ranging from RM15 million to RM686.25 million.

19.3 Term loan 3

The term loan bears interest at 5.19% to 5.83% (31.12.2022: 3.60% to 5.19%, 31.12.2021: 3.60%, 31.12.2020: NIL) per annum and is repayable via 120 months instalments inclusive of 24 months principal grace period, with the first instalment commencing in August 2021 and the final instalment in July 2031.

19.4 Term loan 4

The term loan bears interest at 4.79% to 5.16% (31.12.2022: 3.69%, 31.12.2021: NIL, 31.12.2020: NIL) per annum and is repayable via 120 months instalments inclusive of 24 months principal grace period, with the first instalment commencing in January 2023 and the final instalment in December 2032.

19. Borrowings (continued)

19.5 Significant covenants

In connection with the term loan facilities, the Company has agreed on the following significant covenants with the lenders:

(i) Johor Plantations Group Berhad and its subsidiaries ("the Group") shall maintain a Financing Payment Cover Ratio ("FPCR") including cash balance of not less than 1.20 times throughout the tenure of the Facilities.

FPCR is defined as Total Available Cashflow over Total Financing Payment and Debt Service Obligation.

Total Financing Payment and Debt Service Obligations means for the preceding financial year of The Group, the aggregation of (i) opening cash and bank balances which are available for financing payment and debt servicing of The Group; and (ii) The Group's profit before tax and zakat before deductions of all profit portion paid/payable under the Islamic financings, interest, depreciation and amortisation and after deduction of additions to non-current assets.

Total Financing Payment and Debt Service Obligations means:

(a) The aggregate amount paid/payable (including profit portion thereon)
(b) Monies payable for the preceding financial year under other Islamic financings obtained and borrowings incurred by The Group.

(ii) Johor Plantations Group Berhad ("JPGB") shall ensure that commencing from the financial year ended 2021 and thereafter throughout the tenure of the Facilities, The Group's Total Available Cashflow over Total Financing Payment and Debt Service Obligations is not less than one point two times.

(iii) JPGB shall ensure that the Minimum Security Cover of at least one point three times is to be maintained throughout the tenure of the Facilities.

Minimum security cover is defined as the aggregate market value of the assets pledged as determined by an independent valuer acceptable to the lender based on the latest valuation report over all sums outstanding under the Facilities.

(iv) JPGB shall ensure that the Gearing Ratio, on consolidated basis shall not throughout the tenure of the Facilities at any time exceed one time.

Gearing ratio is defined as total bank financings and borrowed funds including hire purchase divided by shareholders' funds less intangibles.

19.6 Security

The borrowings are secured over certain property, plant and equipment and right-of-use assets of the Group as disclosed in Notes 9 and 10.

19. Borrowings (continued)

19.7 Novation of loan

As part of the reorganisation exercise in 2022, the loan which is registered under the name of the immediate holding company had been transferred to the Group. In the same year, the loan was novated back to the immediate holding company resulting to an equivalent amount payable to the immediate holding company as disclosed in Note 22.1. The Group will reimburse the immediate holding company for the immediate holding company's payment to the bank for the novated loan's interest, penalty, fees and principal repayment which will due from year 2025 onwards.

19.8 Borrowings facility

The term loan 1 and 2 are jointly registered under the name of the immediate holding company and the name of the Company as at the end of the reporting period with only administrative matters to be completed for the borrowing facilities to be solely registered under the name of the Company.

20. Employee benefits

The Group operates a defined benefit retirement scheme for its eligible employees, which is unfunded. The estimated obligations under the retirement benefit scheme are based on an actuarial valuation report prepared by a qualified independent actuary on 29 August 2023 (31.12.2022/31.12.2021/31.12.2020: 16 December 2020) covering the period from 2023 to 2025 (31.12.2022/31.12.2021/31.12.2020: 2020 to 2022).

The movements in respect of the retirement benefit plan are as follows:

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
At beginning of the period/year	6,666	8,080	8,517	4,478
Included in profit or loss				
Current service cost	506	601	500	4,191
Interest cost	220	353	325	298
	726	954	825	4,489
Included in other comprehensive income				
Remeasurement (gain)/loss				
Actuarial (gain)/loss arising from:				
- Financial assumptions	(889)	-	-	-
- Experience adjustments	3,784	-	-	-
	2,895	-	-	-
Other				
Contribution paid by the employer	(524)	(2,368)	(1,262)	(450)
At end of the period/year	9,763	6,666	8,080	8,517

20. Employee benefits (continued)

The charge to profit and loss was included in administrative expenses.

The retirement benefit obligations are in respect of the non-funded benefit plan. The liability is accrued at the present value of the defined benefit obligations using the projected unit method.

The principal assumptions used are as follows:

	31.07.2023	31.12.2022	31.12.2021	31.12.2020
Discount rate	4.70%	3.90%	3.90%	3.90%
Expected rate of salary increase	6%	4% - 6%	4% - 6%	4% - 6%

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 amounts shown below.

Defined benefit obligation	31.07.2023		31.12.2022		31.12.2021		31.12.2020	
	Increase RM	Decrease RM	Increase RM	Decrease RM	Increase RM	Decrease RM	Increase RM	Decrease RM
At end of the period/ year								
Discount rate (1% movement)	(947)	1,140	(981)	1,181	(905)	1,087	(824)	984
Future salary growth (1% movement)	1,118	(945)	1,337	(1,119)	1,134	(957)	938	(800)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21. Lease liabilities

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Maturity analysis				
Not more than 1 year	1,780	736	1,238	923
Later than 1 year and not more than 5 years	17,705	682	1,035	1,129
Later than 5 years	89,632	-	-	-
	109,117	1,418	2,273	2,052

Changes in liabilities arising from financing activities:

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
At beginning of the period/year	1,418	2,273	2,052	4,368
Addition	3,735	1,101	1,465	249
Net changes from financing cash flows	(1,237)	(1,309)	(1,262)	(1,045)
Modification	105,472	492	25	-
Derecognition	(271)	(1,139)	(7)	(1,520)
At end of the period/year	109,117	1,418	2,273	2,052

Included in lease liabilities of the Group are RM106,992,000, RM1,253,000 and RM702,000 (31.12.2022: RM NIL, RM393,000, RM983,000, 31.12.2021: RM1,423,000, RM628,000, RM1,000, 31.12.2020: RM1,109,000, RM574,000, RM4,000) in relation to the lease liabilities with ultimate holding corporation, immediate holding company and related company, respectively.

22. Trade and other payables

	Note	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Non-current					
Amount due to immediate holding company	22.1	180,375	101,200	-	-
Trade					
Trade payables		35,029	39,693	56,309	46,220
Non-trade					
Other payables		42,321	74,161	70,881	55,657
Accruals		11,811	25,616	50,655	71,931
Amount due to ultimate holding corporation	22.1	189	853	4,086	2,928
Amount due to immediate holding company	22.1	2,314	3,464	17,751	3,707
Amount due to related companies	22.2	1,961	4,986	5,577	7,940
		58,596	109,080	148,950	142,163
		93,625	148,773	205,259	188,383

22.1 Amount due to ultimate holding corporation and immediate holding company

In 2022, the Group novated to the immediate holding company the loan undertaken of RM101,200,000 which was undertaken by the immediate holding company on behalf of the Group.

In 2023, the Group received advancement from immediate holding company amounting to RM144,000,000. During the period, the Group has settled the balance amounting to RM14,650,000 by cash and RM50,175,000 by contra with the Group's amount due from immediate holding company.

The repayment terms of the remaining balance of RM180,375,000 is renegotiated and now is unsecured, bear interest at 5.10% and is repayable by 2025.

Other than disclosed above, the amounts due to ultimate holding corporation and immediate holding company are unsecured, non-interest bearing and are repayable on demand.

22. Trade and other payables (continued)

22.1 Amount due to ultimate holding corporation and immediate holding company

Changes in liabilities arising from financing activities:

	31.07.2023 RM'000	31.12.2022 RM'000
At beginning of the period/year	101,200	-
Loan undertaken by immediate holding company and novated to the Group	-	101,200
Proceeds from advancement from immediate holding company	144,000	-
Repayment of advancement from immediate holding company	(14,650)	-
Settlement by contra with amount due from immediate holding company	(50,175)	-
At end of the period/year	180,375	101,200

22.2 Amount due to related companies

Included in amounts due to related companies of the Group is RM239,000 (31.12.2022: RM3,596,000, 31.12.2021: RM244,000, 31.12.2020: RM161,000) which bears interest of 3.19% to 3.97% (31.12.2022: 3.19% to 3.97%, 31.12.2021: 3.44% to 4.11%, 31.12.2020: 3.95% to 4.26%) per annum and are repayable on demand.

Other than as disclosed above, the other amounts due to related companies are generally unsecured, non-interest bearing and repayable on demand.

23. Derivative financial liabilities

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Derivative at fair value				
Interest rate swap	-	-	-	3,788
Contractual nominal value				
Interest rate swap	-	-	-	400,000

In year 2020, the Group entered into interest rate swap contracts with nominal value of RM400 million that were designed to convert their floating interest rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rates on its borrowings.

24. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	31.07.2023 RM'000	31.07.2022 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit attributable to ordinary shareholders	58,344	292,131	495,592	344,796	52,501
Weighted average number of ordinary shares at 31 December (historical)	1,329,363	1,329,363	1,329,363	36,432	36,432
Weighted average number of ordinary shares at 31 December (enlarged)	1,329,363	1,329,363	1,329,363	1,329,363	1,329,363

	31.07.2023 Sen	31.07.2022 Sen	31.12.2022 Sen	31.12.2021 Sen	31.12.2020 Sen
Basic earnings per ordinary share (historical)	4	22	37	946	144
Basic earnings per ordinary share (enlarged)	4	22	37	26	4

Diluted earnings per ordinary share

Diluted earnings per ordinary share as at 31 July 2023, 31 July 2022, 31 December 2022, 31 December 2021 and 31 December 2020 are identical with basic earnings per ordinary share as the Group does not have any dilutive potential ordinary shares.

25. Dividend

	Sen per share	Total amount RM'000	Date of payment
2023			
First interim ordinary dividend	5.25	69,793	31 Mach 2023
2022			
First interim ordinary dividend	137.24	50,000	7 June 2022
Second interim ordinary dividend	89.21	32,500	30 November 2022 & 6 December 2022
		82,500	
2021			
First interim ordinary dividend	274.48	100,000	26 August 2021
Second interim ordinary dividend	274.48	100,000	2 December 2021
		200,000	
2020			
First interim ordinary dividend	82.35	30,000	21 September 2020
Second interim ordinary dividend	790.51	288,000	21 December 2020
		318,000	

26. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Management Committee ("MC") in deciding how to allocate resources and in assessing performance of the Group. The Group operates in the following reportable segments:

- Upstream — Production of palm oil and palm kernels.
- Others — Training, trading, production of Bio-Methane and other miscellaneous activities.

All of the Group's operations and its revenues are carried out and derived in Malaysia.

Performance is measured based on the consolidated profit for the period/year as included in the internal management reports that are reviewed by the MC on a monthly basis.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the MC. Hence, no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the MC. Hence, no disclosure is made on segment liabilities.

26. Operating segments (continued)

Segment profit

31.07.2023	**Upstream RM'000**	**Others RM'000**	**Total RM'000**
Segment profit/(loss)	58,260	(109)	58,151
Included in the measurement of segment profit are:			
Revenue from external customers	615,108	7,255	622,363
Inter-segment revenue	-	6,170	6,170
Change in fair value on biological assets	9,474	-	9,474
Depreciation of property, plant and equipment	(43,250)	(333)	(43,583)
Amortisation of right-of-use assets	(17,447)	(78)	(17,525)
Finance income	1,388	58	1,446
Finance costs	(48,810)	(132)	(48,942)
Tax credit/(expense)	3,232	(306)	2,926
31.07.2022			
Segment profit	291,424	634	292,058
Included in the measurement of segment profit are:			
Revenue from external customers	1,096,040	11,928	1,107,968
Inter-segment revenue	-	6,597	6,597
Change in fair value on biological assets	(2,825)	-	(2,825)
Depreciation of property, plant and equipment	(45,711)	(331)	(46,042)
Amortisation of right-of-use assets	(17,311)	(84)	(17,395)
Finance income	1,475	1	1,476
Finance costs	(38,181)	(46)	(38,227)
Tax expense	(134,274)	(196)	(134,470)
Zakat	(6,127)	(75)	(6,202)
31.12.2022			
Segment profit/(loss)	495,634	(270)	495,364
Included in the measurement of segment profit are:			
Revenue from external customers	1,729,033	22,612	1,751,645
Inter-segment revenue	-	7,598	7,598
Change in fair value on biological assets	(16,752)	-	(16,752)
Depreciation of property, plant and equipment	(78,373)	(465)	(78,838)
Amortisation of right-of-use assets	(27,968)	(140)	(28,108)
Finance income	4,616	27	4,643
Finance costs	(72,875)	(263)	(73,138)
Tax expense	(67,419)	(135)	(67,554)
Zakat	(6,106)	(96)	(6,202)

26. Operating segments (continued)

Segment profit (continued)

	Upstream	Others	Total
31.12.2021	**RM'000**	**RM'000**	**RM'000**
Segment profit	344,608	8	344,616
Included in the measurement of segment profit are:			
Revenue from external customers	1,531,577	17,658	1,549,235
Inter-segment revenue	-	11,797	11,797
Change in fair value on biological assets	20,317	-	20,317
Depreciation of property, plant and equipment	(75,479)	(554)	(76,033)
Amortisation of right-of-use assets	(30,998)	(132)	(31,130)
Finance income	2,213	-	2,213
Finance costs	(68,903)	(40)	(68,943)
Tax expense	(139,562)	(315)	(139,877)
Zakat	(4,025)	(30)	(4,055)
31.12.2020			
Segment profit/(loss)	53,897	(1,591)	52,306
Included in the measurement of segment profit are:			
Revenue from external customers	1,008,715	12,044	1,020,759
Inter-segment revenue	-	13,787	13,787
Change in fair value on biological assets	13,257	-	13,257
Depreciation of property, plant and equipment	(77,108)	(522)	(77,630)
Amortisation of right-of-use assets	(29,404)	(260)	(29,664)
Finance income	2,843	-	2,843
Finance costs	(89,475)	(29)	(89,504)
Tax expense	(62,565)	(145)	(62,710)
Zakat	(2,570)	(25)	(2,595)

Major customers

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

			Revenue		
	31.07.2023	**31.07.2022**	**31.12.2022**	**31.12.2021**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Customer A	222,427	432,009	730,868	658,033	419,484
Customer B	33,841	33,016	38,622	154,609	207,480
Customer C	148,400	240,127	391,634	143,290	34,682
Customer D	107,608	28,055	33,624	100,988	74,556

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments.

31.07.2023	Carrying amount RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000
Financial assets			
Trade and other receivables*	44,270	44,270	-
Other investments	25,580	25,580	-
Cash and cash equivalents	92,031	92,031	-
	161,881	161,881	-
Financial liabilities			
Trade and other payables	274,000	274,000	-
Borrowings	1,680,176	1,680,176	-
	1,954,176	1,954,176	-
31.12.2022			
Financial assets			
Trade and other receivables*	247,565	247,565	-
Other investments	25,954	25,954	-
Cash and cash equivalents	25,453	25,453	-
	298,972	298,972	-
Financial liabilities			
Trade and other payables	249,973	249,973	-
Borrowings	1,767,560	1,767,560	-
	2,017,533	2,017,533	-
31.12.2021			
Financial assets			
Trade and other receivables*	227,691	227,691	-
Other investments	27,588	27,588	-
Cash and cash equivalents	198,320	198,320	-
	453,599	453,599	-
Financial liabilities			
Trade and other payables	205,259	205,259	-
Borrowings	1,878,630	1,878,630	-
	2,083,889	2,083,889	-

* Excludes non-financial instrument

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

31.12.2020	Carrying amount RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000
Financial assets			
Trade and other receivables*	171,041	171,041	-
Other investments	27,215	27,215	-
Cash and cash equivalents	156,519	156,519	-
	354,775	354,775	-
Financial liabilities			
Trade and other payables	188,383	188,383	-
Borrowings	2,042,062	2,042,062	-
Derivative financial liabilities	3,788	-	3,788
	2,234,233	2,230,445	3,788

* Excludes non-financial instrument

27.2 Net gains and losses arising from financial instruments

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
Net gains/ (losses) on:					
Financial assets at amortised cost	1,305	1,716	5,189	2,550	3,619
Financial liabilities at amortised cost	(48,301)	(38,149)	(72,754)	(68,520)	(88,946)
	(46,996)	(36,433)	(67,565)	(65,970)	(85,327)

27.3 Financial risk management

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27. Financial instruments (continued)

27.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, related parties, other investments and cash and cash equivalents.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

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

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

Exposure to credit risk, credit quality and collateral

As at the end of each reporting period, the maximum exposures to credit risk arising from trade receivables are represented by the respective carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure expected credit loss ("ECLs") of trade receivables.

Loss rates are based on actual credit loss experience over the past three years. The Group also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
31.7.2023			
Not past due	29,656	-	29,656
Past due 1 - 60 days	2,580	-	2,580
Past due 61 - 90 days	218	-	218
Past due 90 days	3,286	(1,457)	1,829
	35,740	(1,457)	34,283
31.12.2022			
Not past due	38,799	-	38,799
Past due 1 - 60 days	652	-	652
Past due 61 - 90 days	172	-	172
Past due 90 days	3,823	(1,457)	2,366
	43,446	(1,457)	41,989
31.12.2021			
Not past due	81,070	-	81,070
Past due 1 - 60 days	552	-	552
Past due 61 - 90 days	253	-	253
Past due 90 days	3,387	(2,247)	1,140
	85,262	(2,247)	83,015
31.12.2020			
Not past due	41,392	-	41,392
Past due 1 - 60 days	803	-	803
Past due 61 - 90 days	293	-	293
Past due 90 days	2,377	(1,992)	385
	44,865	(1,992)	42,873

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

The movements in the allowance for impairment in respect of trade receivables are shown below:

	Credit impaired RM'000
Balance at 1 January 2020	2,893
Net remeasurement of loss allowance	(901)
Balance at 31 December 2020/1 January 2021	1,992
Net remeasurement of loss allowance	255
Balance at 31 December 2021/1 January 2022	2,247
Net remeasurement of loss allowance	(790)
Balance at 31 December 2022/1 January 2023	1,457
Net remeasurement of loss allowance	-
Balance at 31 July 2023	1,457

Related parties

Risk management objectives, policies and processes for managing the risk

The Group has exposure to credit risk through its trade and non-trade receivables from related parties where recoverability of the balances are monitored on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of each reporting period, the maximum exposures to credit risk are represented by their respective carrying amounts in the statement of financial position.

Amount due from related parties are not secured by any collateral or supported by any other credit enhancements.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Related parties (continued)

Recognition and measurement of impairment loss

Generally, the Group considers balances due from related parties to have low credit risk. The Group assumes that there is significant increase in credit risk when a related party's financial position deteriorates significantly. The Group considers the balances to be in default when the related parties are not able to pay when demanded. The Group considers balances due from related parties to be credit impaired when:

- The related parties are unlikely to repay its amount due to the Group in full;
- The related parties are overdue for more than 365 days; or
- The related parties are continuously loss making and are having a deficit shareholders' fund.

The Group determines the probability of default for these balances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for receivables from related parties.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
31.7.2023			
Low credit risk	479	(101)	378
31.12.2022			
Low credit risk	200,861	(118)	200,743
31.12.2021			
Low credit risk	139,537	(22)	139,515
31.12.2020			
Low credit risk	127,690	(633)	127,057

27. Financial instruments (continued)

27.4 Credit risk (continued)

Related parties (continued)

Recognition and measurement of impairment loss (continued)

The movement in the allowance for impairment in respect of related parties are shown below:

	Credit impaired RM'000
Balance at 1 January 2020	537
Net remeasurement of loss allowance	96
Balance at 31 December 2020/1 January 2021	633
Net remeasurement of loss allowance	(611)
Balance at 31 December 2021/1 January 2022	22
Net remeasurement of loss allowance	96
Balance at 31 December 2022/1 January 2023	118
Net remeasurement of loss allowance	(17)
Balance at 31 July 2023	101

Other receivables

Credit risks on other receivables are mainly arising from non-trade receivables.

The Group performs individual assessment on each individual receivables and considers a receivable to be credit impaired when the Group has initiated recovery but is unable to reach settlement with the debtors.

As at the end of each reporting period, the maximum exposures to credit risk are represented by their respective carrying amounts in the statements of financial position.

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

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
31.7.2023			
Low credit risk	9,609	-	9,609
Credit impaired	405	(405)	-
	10,014	(405)	9,609

27. Financial instruments (continued)

27.4 Credit risk (continued)

Other receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for other receivables (continued).

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
31.12.2022			
Low credit risk	4,833	-	4,833
Credit impaired	247	(247)	-
	5,080	(247)	4,833
31.12.2021			
Low credit risk	5,161	-	5,161
Credit impaired	99	(99)	-
	5,260	(99)	5,161
31.12.2020			
Low credit risk	1,111	-	1,111
Credit impaired	80	(80)	-
	1,191	(80)	1,111

The movement in the allowance for impairment in respect of other receivables are shown below:

	Credit impaired RM'000
Balance at 1 January 2020	51
Net remeasurement of loss allowance	29
Balance at 31 December 2020/1 January 2021	80
Net remeasurement of loss allowance	19
Balance at 31 December 2021/1 January 2022	99
Net remeasurement of loss allowance	148
Balance at 31 December 2022/1 January 2023	247
Net remeasurement of loss allowance	158
Balance at 31 July 2023	405

27. Financial instruments (continued)

27.4 Credit risk (continued)

Other investments and cash and cash equivalents

The other investments and cash and cash equivalents are held with licensed banks and financial institutions. As at the end of each reporting period, the maximum exposures to credit risk are represented by their respective carrying amounts in the statement of financial position.

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

27.5 Liquidity risk

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

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

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

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ Incremental borrowing rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
31.7.2023						
Trade and other payables	93,625	-	93,625	93,625	-	-
Amount due to immediate holding company	180,375	5.10%	202,606	9,199	193,407	-
Term loans and revolving credit	1,680,072	4.49% - 5.83%	1,986,921	270,856	1,136,722	579,343
Hire purchase liabilities	104	4.49% - 5.83%	165	119	46	-
Lease liabilities	109,117	3.44% – 4.98%	163,702	8,155	30,620	124,927
	2,063,293		2,447,019	381,954	1,360,795	704,270
31.12.2022						
Trade and other payables	249,973	-	249,973	148,773	101,200	-
Term loans and revolving credit	1,767,379	3.60% - 5.92%	2,225,081	355,202	1,193,583	676,296
Hire purchase liabilities	181	3.46% - 4.98%	235	119	116	-
Lease liabilities	1,418	3.44% - 4.98%	2,147	1,316	831	-
	2,018,951		2,477,436	505,410	1,295,730	676,296

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted contractual payments (continued).

	Carrying amount RM'000	Contractual interest rate/ Incremental borrowing rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
31.12.2021						
Trade and other payables	205,259	-	205,259	205,259	-	-
Term loans and revolving credit	1,878,350	3.60% - 5.19%	2,445,486	220,405	1,362,734	862,347
Hire purchase liabilities	280	3.44% - 4.98%	356	121	235	-
Lease liabilities	2,273	3.44% - 4.98%	3,552	1,405	2,147	-
	2,086,162		2,654,653	427,190	1,365,116	862,347
31.12.2020						
Trade and other payables	188,383	-	188,383	188,383	-	-
Term loans and revolving credit	2,041,628	4.18% - 4.94%	2,583,051	137,566	1,133,067	1,312,418
Hire purchase liabilities	434	3.44% - 4.98%	506	150	356	-
Derivative financial liabilities	3,788	3.89%	3,788	3,788	-	-
Lease liabilities	2,052	3.44% - 4.98%	2,559	1,104	1,455	-
	2,236,285		2,778,287	330,991	1,134,878	1,312,418

27. Financial instruments (continued)

27.6 Market risk

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

27.6.1 Currency risk

The Group is not exposed to foreign currency risk as the Group does not have foreign currency transactions in sales, purchases and borrowings that are denominated in a currency other than the Group's functional currency.

27.6.2 Interest rate risk

The Group's investments in fixed rate deposits with licensed banks, other licensed corporations and intercompany balances are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The interest rate exposure is monitored and managed proactively by the Group's management.

Exposure to interest rate risk

The interest rate profile of the Group's significant profit interest-bearing financial instruments, based on carrying amount as at the end of each reporting period/year are as follows:

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Fixed rate instruments				
Financial assets	117,611	191,183	304,050	247,207
Financial liabilities	(289,835)	(5,195)	(2,797)	(6,435)
	(172,224)	185,988	301,253	240,772
Floating rate instruments				
Financial liabilities	(1,680,072)	(1,767,379)	(1,878,350)	(2,041,628)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period/year would not affect profit or loss.

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
31.7.2023		
Floating rate instruments	(12,769)	12,769
31.12.2022		
Floating rate instruments	(13,432)	13,432
31.12.2021		
Floating rate instruments	(14,275)	14,275
31.12.2020		
Floating rate instruments	(15,516)	15,516

27.7 Fair value information

The carrying amounts of fixed deposits with a licensed bank, cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
31.12.2020					
Financial liabilities					
Interest rate swap	-	3,788	-	3,788	3,788

There is no information disclosed for the fair value of financial instruments carried at fair value for subsequent years since the Group does not have financial instruments measured at fair value for the financial period ended 31 July 2023 and financial years ended 31 December 2022 and 31 December 2021.

27. Financial instruments (continued)

27.7 Fair value information (continued)

	Fair value of financial instruments not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
31.07.2023					
Financial liabilities					
Amount due to immediate holding company	-	-	180,375	180,375	180,375
Hire purchase liabilities	-	-	146	146	104
Term loans and revolving credit	-	-	1,680,072	1,680,072	1,680,072
	-	-	1,860,593	1,860,593	1,860,551
31.12.2022					
Financial assets					
Amount due from ultimate holding corporation	-	-	60,564	60,564	63,975
Financial liabilities					
Amount due to immediate holding company	-	-	95,804	95,804	101,200
Hire purchase liabilities	-	-	215	215	181
Term loans and revolving credit	-	-	1,767,379	1,767,379	1,767,379
	-	-	1,863,398	1,863,398	1,868,760
31.12.2021					
Financial assets					
Amount due from ultimate holding corporation	-	-	61,140	61,140	63,972
Financial liabilities					
Hire purchase liabilities	-	-	325	325	280
Term loans and revolving credit	-	-	1,972,737	1,972,737	1,878,350
	-	-	1,973,062	1,973,062	1,878,630
31.12.2020					
Financial assets					
Amount due from ultimate holding corporation	-	-	61,213	61,213	64,114
Financial liabilities					
Hire purchase liabilities	-	-	453	453	434
Term loans and revolving credit	-	-	2,005,221	2,005,221	2,041,628
	-	-	2,005,674	2,005,674	2,042,062

27. Financial instruments (continued)

27.7 Fair value information (continued)

Level 2 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 2, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
• Interest rate swap	Valuation technique with market observable inputs which include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves, foreign exchange spot rates and foreign exchange forward rates.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value:

Type	Description of valuation technique and inputs used
• Amount due from ultimate holding corporation • Amount due to immediate holding company • Hire purchase • Term loans and revolving credit	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities reporting date.

28. Capital management

The Group's objective when managing capital is to maintain a sufficiently adequate capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor and creditor 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.

The debt-to-equity ratios were as follows:-

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Amount due to immediate holding company (Note 22)	180,375	101,200	-	-
Borrowings (Note 19)	1,680,176	1,767,560	1,878,630	2,042,062
Lease liabilities (Note 21)	109,117	1,418	2,273	2,052
Less: Cash and cash equivalents (Note 16)	(92,031)	(25,453)	(198,320)	(156,519)
Less: Other investments (Note 15)	(25,580)	(25,954)	(27,588)	(27,215)
	1,852,057	1,818,771	1,654,995	1,860,380
Total equity	1,961,755	1,976,292	1,873,949	1,643,658
Debt-to-equity ratio	0.94	0.92	0.88	1.13

29. Capital commitments

	31.07.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Authorised capital expenditure in respect of property, plant and equipment not provided for in the financial statements at the end of each financial year:				
- Contracted for	34,375	28,233	47,683	57,597
- Not contracted for	67,225	3,265	69,118	25,988

30. Related parties

Identity of related parties

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

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

The Group has related party relationship with its ultimate holding corporation, immediate holding company, related companies and key management personnel.

All entities within the Johor Corporation Group are considered related companies/ parties.

Significant related party transactions

The significant related party transactions of the Group are shown below.

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
A. Ultimate holding corporation					
Purchases of fresh fruit bunches	-	-	-	-	(19,358)
Lease prepayment	-	-	-	-	(19,220)
B. Related companies					
Sales of crude palm oil	1,239	4,918	5,937	9,727	10,360
Purchases of fresh fruit bunches	-	-	-	(5,150)	(33,829)

30. Related parties (continued)

Significant related party transactions (continued)

The significant related party transactions of the Group are shown below (continued).

	1.1.2023 - 31.07.2023 RM'000	1.1.2022 - 31.07.2022 RM'000	1.1.2022 - 31.12.2022 RM'000	1.1.2021 - 31.12.2021 RM'000	1.1.2020 - 31.12.2020 RM'000
C. Key management personnel					
Directors					
- Fees	577	207	414	395	60
- Remuneration	884	676	1,738	904	959
- Estimated money value of any other benefits	6	8	112	64	23
	1,467	891	2,264	1,363	1,042
Other key management personnel					
- Fees	-	-	-	-	76
- Remuneration	2,295	2,151	3,322	4,374	5,357
- Estimated money value of any other benefits	3	11	77	96	18
	2,298	2,162	3,399	4,470	5,451

Government-related entities

Certain government-linked corporations are related to the Group by virtue of Johor Corporation ("JCorp"), indirect effective interest in the Company of 96.33% (31.12.2022: 96.07%, 31.12.2021: 96.07%, 31.12.2020: 96.07%). JCorp was incorporated through the Johor Corporation Enactment No. 4, 1968 (As amended by the Enactment No. 5, 1995) as the principal development institution to drive the growth of the state's economy.

The bodies or entities controlled or jointly controlled by the State of Johor ("State Government") are related parties of the Group. The Group enters into transactions with many of these bodies or entities, which include but are not limited to purchasing of goods, payment of quit rents, water and amenities.

All the transactions entered into by the Group with the bodies controlled by the state government are conducted in the ordinary course of the Group's business on negotiated terms or terms comparable to those with other entities that are not state government-related, except otherwise disclosed in the financial statements.

31. Acquisition of subsidiaries and business under common control transactions

31.1 Acquisition of business operations: Plantation

In 2022, the Group entered into respective Business Transfer Agreements with Kulim (Malaysia) Berhad ("KMB"), Kumpulan Bertam Plantations Berhad ("KBP"), Selai Sdn Bhd ("Selai"), Sindora Berhad ("Sindora"), Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd ("UTM"), and United Malayan Agricultural Corp Berhad ("UMAC") which are under common control by Johor Corporation for corporate reorganisation between the Group and its immediate holding company, Kulim (Malaysia) Berhad ("KMB"). The corporate exercise involves sale and transfer of plantation businesses under common control of KMB, KBP, Selai, Sindora, UTM and UMAC which include the plantation business assets and labilities of the respective entities to the Company ("Plantation Business Transfer"). Details of the Plantation Business Transfer are as follows:-

Name of related companies	Date of sale and trasfer	Business operations	Geographical area	Consideration settled via issuance of shares of the Company	Consideration settled by deferred payment RM
Kulim (Malaysia) Berhad ("KMB")	1 December 2022	Oil palm plantation	Malaysia	157,568,810	-
Kumpulan Bertam Plantations Berhad ("KBP")	1 December 2022	Oil palm plantation	Malaysia	72,541,164	-
Selai Sdn Bhd ("Selai")	1 December 2022	Oil palm plantation	Malaysia	242,336,078	-
Sindora Berhad ("Sindora")	1 December 2022	Oil palm plantation and palm milling	Malaysia	433,347,767	-
Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd ("UTM")	1 December 2022	Oil palm plantation	Malaysia	56,025,399	-
United Malayan Agricultural Corp Berhad ("UMAC")	1 December 2022	Oil palm plantation	Malaysia	-	102,131,873

For the purpose of accounting for the Plantation Business Transfer under common control, the Group has applied book value accounting. Under book value accounting, the differences between the net assets and liabilities of the respective entities and the purchase consideration are accounted for as contribution from the shareholder or distribution to the shareholder in other reserves in the financial statements of the Group.

The Group has elected to restate its comparatives to account for the acquisitions as if the acquisitions had occurred at the beginning of the earliest comparative period presented.

31. Acquisition of subsidiaries and business under common control transactions (continued)

31.1 Acquisition of business operations: Plantation (continued)

Effect of the Plantation Business Transfer on the financial position of the Group

	KMB RM'000	KBP RM'000	Selai RM'000	Sindora RM'000	UTM RM'000	Total RM'000
Property, plant and equipment	865,381	69,681	235,051	118,006	56,909	1,345,028
Right-of-use assets	353,323	-	-	326,620	-	679,943
Biological assets	6,873	827	3,112	3,735	251	14,798
Inventories	9,037	428	3,845	10,098	258	23,666
Trade and other receivables	6,351	2,103	3,412	5,907	1	17,774
Cash and bank balances	13,544	5	5	13	5	13,572
Deferred tax liabilities	(194,000)	(9,376)	(31,531)	(91,666)	(6,089)	(332,662)
Loans and borrowings	(1,075,364)	-	-	-	-	(1,075,364)
Trade and other payables	(12,267)	(442)	(2,924)	(9,132)	(1,356)	(26,121)
Amount due to	(9,309)	(61)	(165)	(21,899)	(43)	(31,477)
Identifiable assets acquired and liabilities assumed at book value	(36,431)	63,165	210,805	341,682	49,936	629,157
Purchase consideration settled by equity	(157,569)	(72,541)	(242,336)	(433,348)	(56,025)	(961,819)
Other reserve	(194,000)	(9,376)	(31,531)	(91,666)	(6,089)	(332,662)
Cash inflow arising from acquisition						
Cash and cash equivalent of businesses acquired	13,544	5	5	13	5	13,572
Net cash inflow arising from acquisition	13,544	5	5	13	5	13,572

31. Acquisition of subsidiaries and business under common control transactions (continued)

31.1 Acquisition of business operations: Plantation (continued)

Effect of the Plantation Business Transfer on the financial position of the Group (continued)

	Total RM'000
Identifiable assets acquired and liabilities assumed at book value as at 1 January 2020	295,112
Less: Identifiable assets acquired and liabilities assumed at book value as at 1 December 2022	(629,157)
	(334,045)
Add: Repatriation of cash from immediate holding company in 2020	315,954
Add: Repatriation of cash from immediate holding company in 2021	85,000
Less: Net effect of business combination under common control in 2022	(264,521)
Effect of business combination under common control on retained earning	(197,612)

31.2 Acquisition of subsidiaries

In 2022, the Group entered into a Share Sale Agreement with the immediate holding company, Kulim (Malaysia) Berhad ("KMB") to acquire the entire issued and paid-up capital of JPG Plantations Sdn. Bhd. (formerly known as Kulim Plantations (Malaysia) Sdn. Bhd.) ("KPM"), JPG Greenergy Ventures Sdn. Bhd. (formerly known as Kulim Green Energy Ventures Sdn. Bhd.) ("KGEV"), JPG Greenergy Sdn. Bhd. (formerly known as Kulim Greenergy Sdn. Bhd.) ("KG"), JPG Jenterra Sdn. Bhd. (formerly known as Edaran Badang Sdn. Bhd.) ("EBSB"), JPG Planterra Sdn. Bhd. (formerly known as Cultination Sdn. Bhd.) ("KNSB") and JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety and Training Services Sdn. Bhd.) ("KSTS") which are under common control by Johor Corporation for corporation reorganisation between the Group and the immediate holding company. Details of the acquisition of subsidiaries are as follows:-

Name of related companies	Date of sale and transfer	Business operations	Geographical area	Consideration settled via issuance of shares of the Company
JPG Plantations Sdn. Bhd. (formerly known as Kulim Plantations (Malaysia) Sdn. Bhd.) ("KPM")	1 December 2022	Production of palm oil and palm kernel	Malaysia	319,391,857

31. Acquisition of subsidiaries and business under common control transactions (continued)

31.2 Acquisition of subsidiaries (continued)

Name of related companies	Date of sale and transfer	Business operations	Geographical area	Consideration settled via issuance of shares of the Company
JPG Greenergy Ventures Sdn. Bhd. (formerly known as Kulim Green Energy Ventures Sdn. Bhd.) ("KGEV")	1 December 2022	Designing, managing and operating renewable energy	Malaysia	674,012
JPG Greenergy Sdn. Bhd. (formerly known as Kulim Greenergy Sdn. Bhd.) ("KG")	1 December 2022	Designing, managing and operating renewable energy	Malaysia	100,371
JPG Jenterra Sdn. Bhd. (formerly known as Edaran Badang Sdn. Bhd.) ("EBSB")	1 December 2022	Sales of agricultural machinery and parts	Malaysia	7,385,756
JPG Planterra Sdn. Bhd. (formerly known as Cultination Sdn. Bhd.) ("KNSB")	1 December 2022	Managing oil palm nursery and other related services	Malaysia	876,829
JPG Terrasolutions Sdn. Bhd. (formerly known as Kulim Safety and Training Services Sdn. Bhd.) ("KSTS")	1 December 2022	Providing training services and other related services	Malaysia	2,682,750

For the purpose of accounting for the acquisition of subsidiaries under common control, the Group has applied book value accounting. Under book value accounting, the differences between the purchase consideration and the net total of the identifiable assets acquired and liabilities assumed of the respective acquired subsidiaries are accounted for as other reserve in the consolidated financial statements.

The Group has elected to restate its comparatives to account for the acquisitions as if the acquisitions had occurred at the beginning of the earliest comparative period presented.

31. Acquisition of subsidiaries and business under common control transactions (continued)

31.2 Acquisition of subsidiaries (continued)

Effect of the acquisition of subsidiaries on the financial position of the Group

	KPM RM'000	KGEV RM'000	KG RM'000	EBSB RM'000	KNSB RM'000	KSTS RM'000	Total RM'000
Property, plant and equipment	236,462	23,104	43	1,865	730	312	262,516
Right-of-use assets	160,647	-	-	46	27	144	160,864
Intangible assets	-	-	-	-	-	627	627
Deferred tax assets	-	-	-	-	-	64	64
Biological assets	3,164	-	-	-	-	-	3,164
Inventories	9,216	-	-	5,681	171	31	15,099
Trade and other receivables	15,634	732	-	5,485	1,525	1,365	24,741
Tax recoverable	-	-	-	12	6	239	257
Cash and bank balances	431	519	76	1,679	3,305	1,438	7,448
Loans and borrowings	-	(19,227)	-	(84)	-	(115)	(19,426)
Trade and other payables	(38,105)	(3,902)	(19)	(7,252)	(4,863)	(1,273)	(55,414)
Tax payables	(1,510)	-	-	-	-	-	(1,510)
Deferred tax liabilities	(66,547)	-	-	-	(24)	-	(66,571)
Lease liabilities	-	-	-	(46)	-	(149)	(195)
Identifiable assets acquired and liabilities assumed at book value	319,392	1,226	100	7,386	877	2,683	331,664
Retained earnings	(300,348)	1,275	12,379	(3,386)	8,123	(2,583)	(284,540)
Non-controlling interest	-	(552)	-	-	-	-	(552)
Purchase consideration settled by equity	(319,392)	(674)	(100)	(7,386)	(877)	(2,683)	(331,112)
Other reserve	(300,348)	1,275	12,379	(3,386)	8,123	(2,583)	(284,540)
Cash inflow arising from acquisition							
Cash and cash equivalent of subsidiaries acquired	431	519	76	1,679	3,305	1,438	7,448
Net cash inflow arising from acquisition	431	519	76	1,679	3,305	1,438	7,448

32. Subsequent events

(i) Capitalisation of debt

Non-current amount due to immediate holding company of RM180,375,000 and current amount due to immediate holding company of RM2,314,000 as disclosed in Note 22 totalling up to RM182,689,000 have been partially settled amounting to remaining balance of RM172,636,978 as of 5 December 2023. On 6 December 2023, the Board of Directors has approved for the remaining balance of RM172,636,978 to be settled via capitalisation of debt where the immediate holding company increases the investment in the Company through subscription of additional 172,636,978 ordinary shares of RM1 each amounting to RM172,636,978 which is fully paid by contra with the Company's amount due to immediate holding company of RM172,636,978.

(ii) Proposed listing

The Company is currently in the midst of its application for the proposed listing of and quotation for the entire enlarged share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposed Listing"). As at the date of this report, the Company has yet to obtain the approval from Bursa Securities and Securities Commission Malaysia of the Company's Proposed Listing.

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The Board of Directors
Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.)
K.B. 705, Ulu Tiram Estate,
81800 Ulu Tiram,
Johor Darul Takzim,
Malaysia

7 December 2023

Dear Sirs,

Reporting Accountants' opinion on the consolidated financial statements contained in the Accountants' Report of Johor Plantations Group Berhad

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of Johor Plantations Group Berhad ("JPlant" or the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 July 2023, 31 December 2022, 31 December 2021 and 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period and years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 1 to 84. The consolidated financial statements of the Group have been prepared for inclusion in the Company's draft prospectus in connection with the proposed listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial positions of the Group as at 31 July 2023, 31 December 2022, 31 December 2021 and 31 December 2020 and of its consolidated financial performance and cash flows for the period and years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Consolidated 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 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.

Responsibilities of the Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

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

Reporting Accountant's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

- 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 to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the consolidated financial statements of the Group 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Group, including the disclosures, and whether the consolidated financial statements of the Group represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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.

KPMG

Other Matter

The comparative information for the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the consolidated financial statements of the Group for the financial period ended 31 July 2022 has not been audited.

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the draft prospectus of the Company in connection with the proposed listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

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

Muhammad Azman Bin Che Ani
Approval Number: 02922/04/2024 J
Chartered Accountant