12. FINANCIAL INFORMATION

12.1 HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The historical financial information presented below has been derived from our consolidated financial statements contained in the Accountants' Report included in Section 13 of this Prospectus. Our consolidated statements are prepared in accordance with the MFRS and IFRS. This historical financial information presented below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 12.3 of this Prospectus as well as our historical consolidated financial statements and the accompanying notes as set out in the Accountants' Report in Section 13 of this Prospectus.

Although we only completed our Pre-Listing Restructuring on 1 December 2022, our historical financial information is presented based on our consolidated financial statements as if our Group structure has been in existence throughout the Financial Years/Period Under Review. Business combinations arising from the transfer of interest in entities or transfer of businesses in entities that are under the control of the shareholder that controls our Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented and, for the purpose of the Accountants' Report, the comparatives are restated.

The assets and liabilities acquired are recognised at the carrying amounts recognised previously in financial statements of our Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within our 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 our Group's and Company's equity.

The historical financial information included in this Prospectus is not necessarily indicative of our future operating performance or financial condition.

12.1.1 Historical consolidated statements of profit and loss and other comprehensive income

The summary of our historical consolidated statements of profit and loss and other comprehensive income for the Financial Years/Period Under Review is set out below:

	<-----------------	**Audited**	**----------------->**	**Unaudited**	**Audited**
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FPE 2022 (RM'000)**	**FPE 2023 (RM'000)**
Revenue	1,020,759	1,549,235	1,751,645	1,107,968	622,363
Cost of sales	(735,780)	(921,487)	(981,698)	(577,430)	(481,973)
GP	**284,979**	**627,748**	**769,947**	**530,538**	**140,390**
Other income	23,721	30,934	10,961	6,789	15,218
Administrative expenses	(99,009)	(99,619)	(126,604)	(64,849)	(50,694)
Other operating expenses	(5,419)	(3,785)	(16,689)	(2,997)	(2,193)
Results from operating activities	**204,272**	**555,278**	**637,615**	**469,481**	**102,721**
Finance income	2,843	2,213	4,643	1,476	1,446
Finance costs	(89,504)	(68,943)	(73,138)	(38,227)	(48,942)
PBT	117,611	488,548	569,120	432,730	55,225
Tax expense	(62,710)	(139,877)	(67,554)	(134,470)	2,926
Zakat	(2,595)	(4,055)	(6,202)	(6,202)	-
PAT	**52,306**	**344,616**	**495,364**	**292,058**	**58,151**
PAT attributable to:					
Owners of our Group	52,501	344,796	495,592	292,131	58,344
Non-controlling interest	(195)	(180)	(228)	(73)	(193)
	52,306	**344,616**	**495,364**	**292,058**	**58,151**

12. FINANCIAL INFORMATION (CONT'D)

	<----------------Audited---------------->			Unaudited	Audited
	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2022 (RM'000)	FPE 2023 (RM'000)
Other selected financial data:					
GP margin(1) (%)	27.9	40.5	44.0	47.9	22.6
PBT margin(2) (%)	11.5	31.5	32.5	39.1	8.9
PAT margin(3) (%)	5.1	22.3	28.3	26.4	9.4
EBITDA(4)	311,761	662,621	744,789	532,991	164,022
EBITDA margin(5) (%)	30.5	42.8	42.5	48.1	26.4
Basic and diluted EPS(6) (sen)	2.1	13.8	19.8	11.7	2.3
Number of Shares in issue after our IPO ('000)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Notes:

(1) Computed as GP divided by revenue.

(2) Computed as PBT divided by revenue.

(3) Computed as PAT attributable to owners of our Group divided by revenue.

(4) Computed as follows:

	<----------------Audited---------------->			Unaudited	Audited
	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2022 (RM'000)	FPE 2023 (RM'000)
PAT attributable to owners of our Group	52,501	344,796	495,592	292,131	58,344
Add:					
Zakat	2,595	4,055	6,202	6,202	-
Tax expense	62,710	139,877	67,554	134,470	(2,926)
Depreciation and amortisation	107,294	107,163	106,946	63,437	61,108
Finance costs	89,504	68,943	73,138	38,227	48,942
Less: Finance income	(2,843)	(2,213)	(4,643)	(1,476)	(1,446)
EBITDA	**311,761**	**662,621**	**744,789**	**532,991**	**164,022**

EBITDA and EBITDA margin are supplemental measures of our performance and liquidity that are not required by or presented in accordance with MFRS or IFRS. EBITDA and EBITDA margin should not be considered as an alternative to profit and total comprehensive income for the year or any other performance measures derived in accordance with MFRS or IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA and EBITDA margin are not standardised terms, and hence, a direct comparison of similarly titled measures between companies may not be possible. Other companies may calculate EBITDA and EBITDA margin differently from us, which limits its usefulness as a comparative measure.

(5) Computed as EBITDA divided by revenue.

(6) Computed as PAT attributable to owners of our Group divided by the enlarged total number of 2,500,000,000 Shares after our IPO.

12.1.2 Historical consolidated statements of financial position

The summary of our historical consolidated statements of financial position for the Financial Years/Period Under Review is set out below:

	<----------Audited	----------	----------	---------->
	31 December 2020 (RM'000)	**31 December 2021 (RM'000)**	**31 December 2022 (RM'000)**	**31 July 2023 (RM'000)**
Property, plant and equipment	2,424,139	2,438,257	2,461,941	2,468,407
Right-of-use assets	1,659,438	1,629,679	1,601,797	1,693,238
Intangible assets	749	627	627	-
Trade and other receivables	64,114	63,972	63,975	-
Total non-current assets	**4,148,440**	**4,132,535**	**4,128,340**	**4,161,645**
Biological assets	19,148	39,465	22,713	32,187
Inventories	18,484	21,666	66,690	40,274
Trade and other receivables	109,506	165,055	185,105	56,758
Current tax assets	1,026	1,074	23,881	90,460
Other investments	27,215	27,588	25,954	25,580
Cash and cash equivalents	156,519	198,320	25,453	92,031
Total current assets	**331,898**	**453,168**	**349,796**	**337,290**
Total assets	**4,480,338**	**4,585,703**	**4,478,136**	**4,498,935**
Share capital	36,432	36,432	1,329,363	1,329,363
Invested equity	46,572	46,572	-	-
Other reserves	611,066	696,066	(617,202)	(617,202)
Retained earnings	949,353	1,094,149	1,263,629	1,249,285
Equity attributable to owners of our Group	**1,643,423**	**1,873,219**	**1,975,790**	**1,961,446**
Non-controlling interests	235	730	502	309
Total equity	**1,643,658**	**1,873,949**	**1,976,292**	**1,961,755**
Trade and other payables	-	-	101,200	180,375
Deferred tax liabilities	574,414	585,846	461,590	463,822
Borrowings	1,900,440	1,762,983	1,587,209	1,483,704
Employee benefits	8,517	8,080	6,666	9,763
Lease liabilities	1,129	1,035	682	107,337
Total non-current liabilities	**2,484,500**	**2,357,944**	**2,157,347**	**2,245,001**
Trade and other payables	188,383	205,259	148,773	93,625
Borrowings	141,622	115,647	180,351	196,472
Derivative financial liability	3,788	-	-	-
Lease liabilities	923	1,238	736	1,780
Current tax liabilities	17,464	31,666	14,637	302
Total current liabilities	**352,180**	**353,810**	**344,497**	**292,179**
Total liabilities	**2,836,680**	**2,711,754**	**2,501,844**	**2,537,180**
Total equity and liabilities	**4,480,338**	**4,585,703**	**4,478,136**	**4,498,935**

12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our capitalisation and long-term indebtedness as at 31 October 2023, and after adjusting for the Capitalisation as a subsequent event, the Public Issue and the use of proceeds:

	Unaudited as at 31 October 2023 (RM'000)	After the Capitalisation, Public Issue and use of proceeds (RM'000)
Indebtedness		
Current		
Unsecured and unguaranteed		
• Lease liabilities	4,254	4,254
• Revolving Credit	2,000	2,000
• Amount due to ultimate holding corporation	334	334
• Amount due to immediate holding company	2,398	[●]
• Amount due to related companies	4,015	4,015
Secured and unguaranteed		
• Term loans	240,427	240,427
• Hire purchase liabilities	34	34
	253,462	[●]
Non-current		
Unsecured and unguaranteed		
• Lease liabilities	103,798	103,798
• Amount due to immediate holding company	170,603	[●]
Secured and unguaranteed		
• Term loans	1,392,950	[●]
	1,667,351	[●]
Total indebtedness	**1,920,813**	[●]
Total capitalisation/shareholders' equity	**2,034,372**	[●]
Total capitalisation and indebtedness	**3,955,185**	[●]
Gearing ratio(1) (times)	0.9	[●]

Note:

(1) Computed as total indebtedness divided by the shareholders' equity.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations during the Financial Years/Period Under Review should be read in conjunction with the Accountants' Report and the accompanying notes as set out in Section 13 of this Prospectus.

This discussion and analysis contain financial information derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions, particularly the risk factors as set out in Section 9 of this Prospectus. Our future results may differ significantly from those forward-looking statements contained in this Prospectus due to these risks, uncertainties and assumptions.

12.3.1 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and are expected to be affected by a number of factors, including those set out below:

(i) Global vegetable oil price trends

Since there is substantial substitution between different vegetable oils, such as soybean, rapeseed and sunflower based on price, supply and demand changes in the global vegetable oil market have a significant impact on our financial performance because they affect the selling prices of our products, which in turn affects our revenue. The prices of the CPO and PK that we sell are generally influenced by the prices of crude petroleum oil and substitute vegetable oils, such as soybean, rapeseed and sunflower oils (in the case of CPO) and crude coconut oil (in the case of PK).

Commodities prices also affect the future prices of CPO and PK quoted internationally and locally by MPOB. We typically price our CPO and PK with reference to the price quoted by MPOB, but at higher prices because our CPO and PK meets the RSPO certification standards and can be sold as RSPO-certified products, which are in short supply in the market relative to demand.

Prices of commodities such as CPO and alternatives such as soybean, rapeseed and sunflower are highly volatile and are generally affected by, among others, global and regional supply and demand, weather conditions, government policies, foreign exchange rates, shifts in consumption patterns among consumers, the availability and price of substitute commodities and other circumstances over which we do not have any control.

Commodity prices also affect the fair value of our biological assets, namely the FFB harvested from our plantation estates. We determine the fair value of our biological assets in accordance with MFRS 141 "Agriculture" based on the estimated amount of FFB that can be produced from our oil palms over a 2-week period from the measuring date (based on the oil content of the unripe FFB) and the net present value of the cash flows that such FFB can generate (based on estimates of the amount of CPO that such FFB can yield and current market prices of CPO and alternatives). Changes in the fair value of our biological assets, less estimated selling costs, are included in our other income or other operating expenses, depending on whether they result in a gain or a loss during the relevant year or period. The changes in the fair value of our biological assets that we recognise as gains and losses can be significant and cause our results to vary substantially from year to year.

(ii) Land bank utilisation, oil palm harvesting and FFB yields

Our results of operations depend on our ability to maximise the efficient use of our land bank and the amount of FFB that we produce from our oil palm estates. We produce RSPO-certified FFB on all of our 23 oil palm estates that we own or rent, while we purchase non-certified FFB from our managed estates. Substantially all of the FFB that we produced is used in our own POMs to produce CPO and PK that meet RSPO certification standards and can be sold as RSPO-certified products. The FFB from our oil palm estates accounts for a large proportion of the total FFB that our POMs process because of the limited supply of RSPO-certified FFB that is available for purchase from third parties. When we are able to maintain high levels of land bank utilisation and manage our oil palm estates productively and efficiently, we are able to achieve higher FFB yields, which in turn allows us to produce and sell more CPO and PK, thereby increasing our revenues.

The performance of our oil palm plantations, as measured by FFB yield, depends on various factors such as the quality of the oil palm seed, soil, climate, plantation management as well as our efficiency in harvesting, processing and milling of the FFB. To maintain consistent revenue performance and growth, we need to maintain and increase our FFB yields each year. This depends on our ability to effectively manage the maturity profile of our oil palms and to maintain an effective replanting program that replaces old oil palms with new seedlings that produce higher yielding oil palms upon maturity.

(iii) Costs and availability of labour

A significant portion of our expenses consists of labour costs which we incur as cost of sales and operating expenses. Therefore, our ability to effectively manage our labour costs and fluctuations in the cost of labour can have a significant effect on our costs, profitability and margins.

Our labour costs are determined by the number of plantation workers employed, current minimum wage levels and the availability of labour in the market with the required skill sets. We rely to a significant extent on foreign workers, primarily from Indonesia and Bangladesh, for our plantation operations. As such, our results of operations are exposed to fluctuations in labour costs, as well as changes to government policies on employment of foreign labour in Malaysia and on worker emigration from Indonesia, Bangladesh and other countries where we hire foreign workers from, which are beyond our control.

Our ability to efficiently harvest our oil palms and our FFB production volume depends on our ability to hire and retain skilled workers at our plantation estates for the nurturing of seedlings, palm planting, manuring, harvesting and other maintenance work. It is crucial to retain our skilled workers because training new workers typically takes about 3 months before they are able to perform at a standard which can achieve our targeted yields for FFB harvesting.

(iv) Weather conditions

Weather conditions are a key determinant of fluctuations in our FFB yields, which in turn affects our CPO and PK production and our revenue. Oil palms generally require even rainfall distribution, moderate temperatures and consistent sunny days in order to produce fruitful harvests and maximise FFB yields. Conversely, our FFB yields could be adversely affected by extreme weather patterns such as prolonged dry or wet conditions. A dry spell could induce moisture stress in oil palms and reduce production depending on the severity of the drought, while prolonged wet conditions could disrupt pollination, harvesting and transportation. We generally expect to observe the impact of weather conditions on our FFB yields beginning approximately 5 to 6 months after the weather conditions occur.

We experienced extremely low rainfall during the 1st half of 2019, which adversely impacted FFB production over the next 24 months. The prolonged dry conditions induced moisture stress in the oil palms, which led to reduced production because a higher percentage of FFB was not suitable for processing and also led to declining FFB yield during the 1st quarter of 2021 once those palms matured. We also had dry weather conditions during 2021, which led to less fruitful FFB harvests especially in young-mature fields. There was also hot dry weather in 2019, which led to a higher percentage of FFB not being suitable for processing. These weather conditions in 2019 contributed to our lower FFB yields for the FYE 2021 as compared to the FYE 2020. In contrast, we experienced favourable weather conditions in the first 3 quarters of 2022, which is expected to improve FFB yields in future harvests.

Severely adverse weather conditions can have an immediate negative impact on FFB yields if they damage the FFB that was ready for harvesting at the time of the weather event. For example, we experienced severe flooding in March 2023, which caused lower FFB production by damaging the FFB that was ready for harvest, restricting travel to and from our plantation estates and preventing workers from accessing the oil palms.

Weather conditions also affect global CPO and PK prices, which in turn affect our selling prices. There have been 3 price rallies since 1990 caused by strong El Niño weather events in 1995, 2009 and 2019. Those El Niño events saw widespread droughts in Southeast Asia, which led to lower FFB yields and reduced CPO and PK supply, thereby increasing CPO and PK prices.

(v) Capital expenditures

During the Financial Years/Period Under Review, our capital expenditures were focused on oil palm planting costs and upgrading our POMs. We fund our capital expenditure requirements using our internally generated funds (which includes our cash and cash equivalents and cash generated from operations), bank borrowings and part of the net proceeds from the Public Issue. Our ability to expand our business operations has been largely dependent upon, and will continue to depend upon, our ability to finance these activities. Our actual capital expenditures may vary from our projected amounts due to various factors, including changes in market conditions, our ability to generate sufficient cash flows from operations and our ability to obtain adequate financing for these planned capital expenditures.

(vi) Changes in customer trends

The shift in consumer preferences towards higher quality, sustainably produced CPO has translated to strong demand for our CPO and PK. Our products are produced to RSPO standards and marketable in Europe and other international markets where there is greater focus on the health impact of food consumables and sustainably produced food products.

In this respect, we believe that our focus on production of RSPO-certified palm oil products has had and will continue to have a positive influence on demand for our products, our selling prices and our revenue. Our revenue is determined in part by the extent to which we are able to keep abreast of consumer trends and implementing appropriate business strategies to maintain product demand.

(vii) Government regulations

Our financial performance, like the performance of other commodities producers, depends, in part, on government taxes, levies and regulations that affect the sale and export of our products. Higher taxes and levies affect our results of operations by increasing our operating costs and expenses, which adversely affects our operating profit, margins and profitability. The Government imposes a windfall profit levy on all Malaysian oil palm plantations that exceed 40.6 Ha in size. The windfall levy was set at a rate of 3% on palm oil prices above a threshold of RM3,000 per MT in Peninsular Malaysia for the FYE 2022 and FPE 2023, and RM2,500 per MT for the FYE 2020 and FYE 2021. Windfall profit levy accounted for 2.3%, 6.7% and 6.7% of our total plantation estate costs for the FYE 2020, FYE 2021 and FYE 2022 respectively. Windfall profit levy also contributes to quarterly fluctuations in our results of operations due to the timing of our levy payments. For example, windfall profit levy accounted for 8.9% of our plantation estate costs for the FPE 2022 as compared to 2.7% of our plantation estate costs for the FPE 2023.

We are also required to make cess payments of RM16 per MT of CPO to MPOB. The cess level was most recently increased from RM14 per MT to its current level in 2021. In addition, exports of CPO from Malaysia are currently subject to an export duty that is imposed on a graduated scale, calculated in RM per MT beginning at 3.0% for CPO sold at RM2,250 per MT up to 8.0% for CPO sold at RM3,450 per MT or more.

In addition to regulations by the Government, import tariffs and taxes imposed by importing countries on products, we or our downstream customers export can affect demand for our products relative to palm oil products sourced from other countries and other vegetable oil alternatives. A lower tax rate on the competing substitute products can adversely affect our selling prices, revenue, margins and profitability.

(viii) Interest rate fluctuation

Our financial performance may be affected by changes in the prevailing interest rates in the financial market as a portion of our borrowings comprises floating rate borrowings. As at 31 July 2023, we had total borrowings (excluding lease liabilities) of approximately RM1.7 billion, of which 99.9% is based on floating interest rates. A substantial increase in interest rates will increase our finance costs.

(ix) COVID-19 and other outbreaks of infectious or virulent diseases

An outbreak of infectious or virulent diseases, such as COVID-19, may have a material adverse effect on the Malaysian and global economy, our industry, and our financial performance. If any of our employees or the employees of our suppliers and/or customers are infected with such diseases, or if a significant portion of our workforce is unable to or refuse to work for fear of contracting an infectious disease, our Group, our suppliers and/or customers may be required to scale back or shutdown operations for a period of time.

Due to the outbreak of the COVID-19 pandemic in 2020, the Government had implemented various measures and restrictions on the conduct of activities, including quarantine measures, restrictions on the movement of persons and closure of borders, to contain the spread of the virus. These actions were eased and tightened during the course of 2020 and 2021 as the extent of the COVID-19 pandemic had been fluctuating.

The MCO period had no material impact on our operations. As oil palm sector was classified under "essential services" sector, our operations were not disrupted and we were allowed to operate while complying with certain mandatory operating procedures (such as reduced workforce capacity) outlined by MITI during the MCO period from 18 March 2020 to 3 May 2020. Since June 2021, we were allowed to operate by complying with the general operating procedures issued by the Government.

In 2020, the implementation of the MCO by the Government in response to the COVID-19 pandemic prevented new intakes of foreign workers starting from 18 March 2020. In response, we implemented various strategies to overcome the resulting labour shortage. As a result, we were able to manage the foreign labour shortfall and achieve a moderate increase in yield per Ha to 22.9 MT during the FYE 2020 from 21.7 MT recorded in the previous year.

In 2021, the continuing effects of the COVID-19 pandemic, namely a prolonged freeze in new recruitment of foreign workers and continuous attrition of experienced workers returning to their home countries, resulted in an unprecedented acute shortage of labour. In Malaysia, supply of labour was constrained as well, especially in the plantation industry. Given that our overall manpower constraints in these conditions, we allocated more of our estate workers to harvesting. This resulted in fewer workers and some collateral delays in upkeep and maintenance of our estates. FFB production during the year was significantly impacted by extremely low rainfall during the 1st half of 2019, which led to declining FFB yield in the first quarter of 2021. In addition, the crop of oil palm seedlings in 2019 (which would affect production in 2021) produced lower than expected yields. There was also hot dry weather in 2019, which led to a higher percentage of FFB not being suitable for processing.

In 2022, the acute labour shortage continued as a result of the prolonged freeze of new recruitment of foreign workers. On 1 April 2022, Malaysia's national borders were reopened to allow new intake of foreign workers and we have since recruited new workers from Indonesia.

Since January 2023 and up to the LPD, COVID-19 related travel restrictions abated and the sourcing of foreign workers began to normalise.

12.3.2 Results of operations

Our results of operations are discussed and analysed below by components of our consolidated statements of profit or loss and other comprehensive income.

(i) Revenue

Our revenue is derived primarily from the sale of palm oil products, namely CPO, PK and FFB, and all of our operations are located in Malaysia.

During the Financial Years/Period Under Review, the sale of CPO accounted for the largest portion of our revenue from our plantation segment at approximately 85.4%, 84.5%, 84.9% and 86.1% respectively. This was followed by the sale of PK which accounted for approximately 12.7%, 14.1%, 13.8% and 12.7% of our revenue for the Financial Years/Period Under Review respectively.

Prior to the FYE 2022, we generated an insignificant percentage of our revenue from the sale of FFB to third parties from time to time, depending on market conditions. Sale of FFB accounted for the smallest portion of our revenue from our plantation segment at 0.7% and 0.3% of our revenue for the FYE 2020 and FYE 2021 respectively. During the FYE 2022 and FPE 2023, we did not generate any revenue from the sale of FFB. This reflects our current strategy to use all of our available FFB for our own production of CPO and PK.

We believe that we have an advantage in terms of pricing because our plantation operations are RSPO-certified and all of our POMs have RSPO certification. RSPO certification is recognised as a global benchmark for sustainability in the plantation industry. Customers are increasingly demanding sustainable products and practices from suppliers, while the number of RSPO-certified producers and the amount of available RSPO-certified palm oil products are currently still limited. Due to these market dynamics, the RSPO-certified CPO and PK that we produce generally attracts premium prices. During the Financial Years/Period Under Review, we recorded increases in revenue, which we attribute to, among others, selling our RSPO-certified CPO and PK at higher prices than those quoted by MPOB.

Besides our plantation operations, we also generate revenue from trading and support services. We generate this revenue from complementary activities consisting of trading of agricultural machinery and parts, sales of palm nursery and plantation related products, and providing training and safety-related services, and supply of safety products.

We began generating revenue from our new renewable energy business segment after the FPE 2023, whereby we sold the biomethane produced at our Sedenak POM to Gas Malaysia Virtual Pipeline since August 2023. However, our biomethane plant has not been in operation since the fire incident in October 2023 as disclosed in Section 7.18.4 of this Prospectus, and is expected to resume operations by May 2024 upon the completion of the restoration works.

We are committed to exploring and investing in renewable energy sources. In this regard, we have ventured into the production and sale of biomethane, which is produced from palm oil mill effluent, a waste product generated during the production of CPO and PK. Biomethane is a purified form of biogas and can be used as a cleaner and more sustainable substitute for natural gas. In order to facilitate the sale of our biomethane, we have entered into gas purchase agreements with Gas Malaysia Virtual Pipeline, which ensures that we have a reliable and consistent market for our biomethane. The revenue from our renewable energy business segment is recognised at point in time when the biomethane is delivered and transferred to Gas Malaysia Virtual Pipeline.

12. FINANCIAL INFORMATION (CONT'D)

The breakdown of our revenue during the Financial Years/Period Under Review is set out below:

	<---Audited---				---Audited--->		Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
CPO	872,185	85.4	1,308,543	84.5	1,486,584	84.9	940,162	84.8	536,111	86.1
PK	129,552	12.7	219,089	14.1	242,449	13.8	155,878	14.1	78,997	12.7
FFB	6,978	0.7	3,945	0.3	-	-	-	-	-	-
	1,008,715	98.8	1,531,577	98.9	1,729,033	98.7	1,096,040	98.9	615,108	98.8
Trading and support services										
Sale of agricultural machinery and parts	7,900	0.8	12,952	0.8	16,176	0.9	10,357	0.9	3,737	0.6
Sale of seeds and landscaping services	3,029	0.3	3,401	0.2	4,227	0.3	1,155	0.1	3,143	0.5
Training and advisory services	1,115	0.1	1,305	0.1	2,209	0.1	416	0.1	375	0.1
	12,044	1.2	17,658	1.1	22,612	1.3	11,928	1.1	7,255	1.2
Total	**1,020,759**	**100.0**	**1,549,235**	**100.0**	**1,751,645**	**100.0**	**1,107,968**	**100.0**	**622,363**	**100.0**

Commentaries on revenue

Comparison between FYE 2021 and FYE 2020

Our revenue increased by 51.8% to RM1,549.2 million for the FYE 2021 (FYE 2020: RM1,020.8 million) mainly due to increases in revenue from selling CPO and PK.

CPO

Our revenue from the sale of CPO increased by 50.0% to RM1,308.5 million for the FYE 2021 (FYE 2020: RM872.2 million) due to higher CPO selling prices during the FYE 2021. This was partially offset by lower volume of CPO delivered. The table below sets out our average CPO selling price and CPO delivery volume for the years indicated:

	FYE 2020	FYE 2021	Variance
Average CPO selling price (RM per MT)	2,753	4,422	60.6%
CPO delivery volume (MT)	316,840	295,887	(6.6%)
Revenue(1) (RM million)	872.2	1,308.5	50.0%
Average CPO price by MPOB (RM per MT)	2,686	4,407	64.1%

Note:

(1) Computed as average CPO selling price multiplied by CPO delivery volume.

Our average CPO selling price was higher during the FYE 2021 as compared to the FYE 2020 mainly due to both lower overall supply of CPO in the local market as a result of labour shortages and strong demand from our customers throughout this period. The average CPO price reported by MPOB increased from RM2,686 per MT in 2020 to RM4,407 per MT in 2021. According to MPOB, the increase in CPO price in 2021 was due to firmer prices of soybean oil in the global market, labour shortages on oil palm plantations, lower domestic stock of palm oil, firmer Brent crude oil prices in the global market and higher palm oil exports to major importing countries, especially to India.

We recorded a higher average CPO selling price as compared to the average CPO price reported by MPOB due to a larger proportion of our sales being comprised of sales of RSPO-certified CPO at higher prices, compared to non-RSPO-certified CPO. The strong demand for RSPO-certified CPO was primarily driven by regulations and policies in the European Union and the United States that imposed higher quality standards on imported palm oil products.

Our CPO delivery volume decreased during the FYE 2021 as FFB production during the year was significantly impacted by extremely low rainfall during the 1st half of 2019, which in turn adversely impacted FFB production over the next 24 months. The prolonged dry conditions induced moisture stress in the oil palms, which led to reduced production because a higher percentage of FFB was not suitable for processing and also led to declining FFB yields for the FYE 2021 as compared to the FYE 2020.

In addition, due to a national freeze on recruitment of foreign workers during the COVID-19 pandemic, we experienced labour shortage as we were not able to hire new foreign workers to replace those that returned to their home country during the pandemic, and this in turn affected our plantation operations. The lower production of FFB was partially offset by an increase in volume of FFB purchased.

PK

Our revenue from the sale of PK increased by 69.1% to RM219.1 million for the FYE 2021 (FYE 2020: RM129.6 million) due to higher PK selling prices during the FYE 2021. This was partially offset by lower volume of PK delivered. The table below sets out our average PK selling price and PK delivery volume for the years indicated:

	FYE 2020	**FYE 2021**	**Variance**
Average PK selling price (RM per MT)	1,625	2,887	77.7%
PK delivery volume (MT)	79,717	75,892	(4.8%)
Revenue[(1)] (RM million)	129.6	219.1	69.1%
Average PK price by MPOB (RM per MT)	1,532	2,773	81.0%

Note:

(1) Computed as the average PK selling price multiplied by PK delivery volume.

The increase in average PK selling price and decrease in PK delivery volume were attributed to the same factors as explained above that drove the increase in CPO selling prices and decrease in CPO delivery volume during the FYE 2021. MPOB also reported an increase in average PK price from RM1,532 per MT in 2020 to RM2,773 per MT in 2021.

FFB

During the FYE 2021, our revenue from selling FFB decreased by 44.3% to RM3.9 million (FYE 2020: RM7.0 million). The decrease in sales of FFB to third parties coincided with an increase in processing of produced FFB at our own POMs and reflects our shift in FFB management strategy towards using all of our FFB for our own production of CPO and PK.

Trading and support services

The table below sets out the breakdown of our revenue from our trading and support services:

	FYE 2020 (RM'000)	FYE 2021 (RM'000)	Variance (RM'000)
Sale of agricultural machinery and parts	7,900	12,952	5,052
Sale of seeds and landscaping services	3,029	3,401	372
Training and advisory services	1,115	1,305	190
	12,044	**17,658**	**5,614**

Our revenue from trading and support services increased by 47.5% to RM17.7 million for the FYE 2021 (FYE 2020: RM12.0 million) mainly due to higher sales of agricultural machineries, equipment, and spare parts (in particular, a higher volume of orders compared to the previous year of an upgraded version of the mechanical buffalo), fees generated from the rental of machinery to third parties (in particular, mechanical buffalo), and more training services being carried out.

Comparison between FYE 2022 and FYE 2021

Our revenue increased by 13.1% to RM1,751.6 million for the FYE 2022 (FYE 2021: RM1,549.2 million) mainly due to higher revenue from selling CPO and PK.

CPO

Our revenue from the sale of CPO increased by 13.6% to RM1,486.6 million for the FYE 2022 (FYE 2021: RM1,308.5 million) due to higher CPO selling prices during the FYE 2022. This was partially offset by lower volume of CPO delivered. The table below sets out our average CPO selling price and CPO delivery volume for the years indicated:

	FYE 2021	FYE 2022	Variance
Average CPO selling price (RM per MT)	4,422	5,177	17.1%
CPO delivery volume (MT)	295,887	287,147	(3.0%)
Revenue[(1)] (RM million)	1,308.5	1,486.6	13.6%
Average CPO price by MPOB (RM per MT)	4,407	5,088	15.5%

Note:

(1) Computed as the average CPO selling price multiplied by CPO delivery volume.

Our average CPO selling price rose further by 17.1% during the FYE 2022 (FYE 2021: 60.6%) mainly due to a continued overall lower supply of CPO in the market, while the demand from our customers remained resilient throughout this period. The average CPO price reported by MPOB increased from RM4,407 per MT in 2021 to RM5,088 per MT in 2022. According to MPOB, the increase was due to firmer prices of soybean oil and Brent crude oils in the global market and weaker Ringgit relative to the U.S. Dollar, which made palm oil more competitive than other vegetable oils. Furthermore, such increase was also caused by the prolonged Ukraine-Russia conflict, which disrupted the sunflower oil supply chain globally, causing a surge in the demand for palm oil as a replacement for sunflower oil. Indonesia's CPO export ban and increased export levies, India's lower vegetable oil import duty and drought in Argentina also kept supply tensions low in the oilseeds market and led to higher vegetable oil prices, according to MPOB.

We continued to record a higher average CPO selling price as compared to the average CPO price reported by MPOB due to an increase in demand for RSPO-certified CPO, which increased our sales of RSPO-certified CPO to our customers.

Our CPO delivery volume decreased during the FYE 2022 due to labour shortage in the Malaysian plantation market, which required us to utilise less skilled harvesters on our plantation estates and caused more FFB to be harvested at sub-optimal times. The lower quality of FFB from our plantation estates contributed to a marginally lower oil extraction rate of 20.3% during the FYE 2022 (FYE 2021: 20.8%).

The labour shortage in Malaysia also adversely affected FFB production at third-party plantation estates, which also contributed to our lower CPO production by limiting our ability to purchase additional FFB for processing at our POMs. In addition, our POMs operated less efficiently because we were unable to operate on schedule, and had to postpone preventive maintenance work due to delays in obtaining spare parts such as steam turbine shaft which has also resulted in our lower CPO production.

PK

Our revenue from the sale of PK increased by 10.6% to RM242.4 million for the FYE 2022 (FYE 2021: RM219.1 million) due to higher PK selling prices during the FYE 2022. This was partly offset by lower volume of PK delivered. The table below sets out our average PK selling price and PK delivery volume for the years indicated:

	FYE 2021	**FYE 2022**	**Variance**
Average PK selling price (RM per MT)	2,887	3,218	11.5%
PK delivery volume (MT)	75,892	75,348	(0.7%)
Revenue[(1)] (RM million)	219.1	242.4	10.6%
Average PK price by MPOB (RM per MT)	2,773	3,118	12.4%

Note:

(1) Computed as the average PK selling price multiplied by PK delivery volume.

The increase in average PK selling price and decrease in PK delivery volume were attributed to the same factors as explained above that drove the increase in CPO selling prices and decrease in CPO delivery volume during the FYE 2022. MPOB also reported an increase in average PK price from RM2,773 per MT in 2021 to RM3,118 per MT in 2022.

FFB

During the FYE 2022, no revenue was generated from the sale of FFB as all of the FFB produced on our plantation estates was used for our own production of CPO and PK.

Trading and support services

The table below sets out the breakdown of our revenue from our trading and support services:

	FYE 2021 (RM'000)	FYE 2022 (RM'000)	Variance (RM'000)
Sale of agricultural machinery and parts	12,952	16,176	3,224
Sale of seeds and landscaping services	3,401	4,227	826
Training and advisory services	1,305	2,209	904
	17,658	**22,612**	**4,954**

Our revenue from trading and support services increased by 27.7% to RM22.6 million for the FYE 2022 (FYE 2021: RM17.7 million), primarily due to higher sales of agricultural machineries, equipment and spare parts (in particular, a higher volume of orders compared to the previous year of an upgraded version of a mechanical buffalo) and fees generated on machinery that we rented to third parties.

Comparison between FPE 2023 and FPE 2022

Our revenue decreased by 43.8%, to RM622.4 million for the FPE 2023 (FPE 2022: RM1,108.0 million) mainly due to lower revenue from selling CPO and PK.

CPO

Our revenue from the sale of CPO decreased by 43.0% to RM536.1 million for the FPE 2023 (FPE 2022: RM940.2 million) due to lower volume of CPO delivered and lower CPO selling prices during the FPE 2023. The table below sets out our average CPO selling price and CPO delivery volume for the periods indicated:

	FPE 2022	FPE 2023	Variance
Average CPO selling price (RM per MT)	6,129	4,090	(33.3%)
CPO delivery volume (MT)	153,397	131,080	(14.5%)
Revenue(1) (RM million)	940.2	536.1	(43.0%)
Average CPO price by MPOB(2) (RM per MT)	5,982	3,918	(34.5%)

Notes:

(1) Computed as the average CPO selling price multiplied by CPO delivery volume.

(2) Computed as the average of the monthly average CPO price published by MPOB from January to July for the respective financial period.

CPO delivery volume decreased during the FPE 2023 due to lower oil extraction rate of 19.8% for the FPE 2023 (FPE 2022: 20.7%). The decrease in oil extraction rate was primarily due to adverse weather conditions and flooding on our plantation estates in March 2023, which adversely affected the quality of the FFB harvested from our plantation estates during the said period.

Lower CPO selling prices also contributed to the decrease in revenue from the sale of CPO. Our average CPO selling price decreased by 33.3% to RM4,090 per MT during the FPE 2023 (FPE 2022: RM6,129 per MT) mainly due to lower CPO prices during the FPE 2023. The declining trend in the price of CPO was driven by lower demand for palm oil products relative to increasing supply, due to the lifting of export ban by Indonesia in May 2023 and an increase in the use of other alternative vegetable oils such as rapeseed oil and sunflower oil which reduced the demand for CPO as well as general weakness in economic growth which reduced demand from major importing countries such as to China and European Union markets. The average CPO price reported by MPOB decreased to RM3,918 per MT during the FPE 2023 (FPE 2022: RM5,982 per MT). The decrease in our average CPO selling price also reflects the decreasing average CPO price reported by MPOB.

We recorded a higher average CPO selling price as compared to the average CPO price reported by MPOB due to a larger proportion of our sales being comprised of sales of RSPO-certified CPO. Even as CPO selling prices generally declined, RSPO-certified CPO continued to sell at higher prices than non-RSPO-certified CPO.

PK

Our revenue from the sale of PK decreased by 49.3% to RM79.0 million for the FPE 2023 (FPE 2022: RM155.9 million) due to lower volume of PK delivered and lower PK selling prices. The table below sets out our average PK selling price and PK delivery volume for the periods indicated:

	FPE 2022	**FPE 2023**	**Variance**
Average PK selling price (RM per MT)	4,015	2,230	(44.5%)
PK delivery volume (MT)	38,825	35,429	(8.7%)
Revenue[(1)] (RM million)	155.9	79.0	(49.3%)
Average PK price by MPOB (RM per MT)	2,304	1,980	(14.1%)

Note:

(1) Computed as the average PK selling price multiplied by PK delivery volume.

The decreases in average PK selling price and PK delivery volume were due to the same factors as explained above that drove the decreases in CPO selling prices and CPO delivery volume. The average PK price reported by MPOB decreased to RM1,980 per MT during the FPE 2023 (FPE 2022: RM2,304 per MT). The decrease in our average PK selling price also reflects the decreasing average PK price reported by MPOB.

FFB

During the FPE 2023, no revenue was generated from the sale of FFB as all of the FFB produced on our plantation estates was used for our own production of CPO and PK.

Trading and support services

The table below sets out the breakdown of our revenue from our trading and support services:

	FPE 2022 (RM'000)	**FPE 2023 (RM'000)**	**Variance (RM'000)**
Sale of agricultural machinery and parts	10,357	3,737	(6,620)
Sale of seeds and landscaping services	1,155	3,143	1,988
Training and advisory services	416	375	(41)
	11,928	**7,255**	**(4,673)**

Our revenue from trading and support services decreased by 38.7% to RM7.3 million for the FPE 2023 (FPE 2022: RM11.9 million), primarily due to lower sales of agricultural machineries, equipment and spare parts due to lower volume of orders by our customers for an upgraded mechanical buffalo model as there was stronger demand after the upgraded model was initially released and lower fees generated on machinery that we rented to third parties due to lower demand for such machinery rentals.

(ii) Cost of sales

Our cost of sales comprises plantation estate costs, POM costs and trading and services support costs as described below.

(a) Plantation estate costs

- **Manuring and harvesting**

  Manuring and harvesting costs include costs to purchase fertilisers and manures used in our plantation estates, and labour costs to spread fertiliser and to harvest FFB. This also includes replanting costs such as costs relating to ground clearing, terracing, replanting, planting of ground cover and crop establishment, fertilising, and crop management incurred during the replanting period. Our replanting costs are initially capitalised as bearer assets. After the replanting period and when the oil palm tree matures, the accumulated replanting cost is charged to profit and loss, and proportionately amortised over 22 years, which is the estimated useful life of the asset.

- **Depreciation and amortisation**

  Depreciation and amortisation costs consist of depreciation charges on bearer plants' planting cost, estate and mills building, machinery and equipment, motor vehicles and infrastructure at our estates and mills, as well as amortisation of prepaid lease rentals for the rights to use leasehold lands, and intangible assets such as trademarks.

- **General and other charges**

  General and other charges include salaries, bonus, licenses, administrative expenses and miscellaneous charges related to thinning (such as removal of some plants, or parts of plants, to make room for the growth of others) and supplying (such as replanting of propagative materials where they fail to germinate), soil conversion, pruning, marking and census (such as counting plants for monitoring purposes).

- **Windfall profit levy**

  Windfall profit levy is a levy imposed on all oil palm plantations (if the plantations exceed 40.6 Ha) by the Government at a rate of 3% on palm oil prices above a threshold of RM3,000 per MT in Peninsular Malaysia for the FYE 2022 and FPE 2023, and RM2,500 per MT for the FYE 2020 and FYE 2021.

- **Transportation**

  Transportation costs are the costs of transporting harvested FFB from our plantation estates to our POMs.

(b) POM costs

- **Purchase of FFB**

  We purchase FFB from third-party producers for processing at our POMs, including RSPO-certified FFB, which accounted for approximately 6.4%, 7.3% and 9.0% of the total FFB that we purchased from third-party producers by value during the FYE 2020, FYE 2021 and FYE 2022 respectively. We purchased lesser FFB during the FPE 2023 as a result of the flooding in March 2023.

- **General and other charges**

  General and other charges include salaries, bonus, licenses and administrative expenses and miscellaneous charges related to POM operations and administration.

- **Processing cost**

  Processing cost relates to the costs incurred to run our POMs and process FFB, which includes labour cost.

- **Transportation cost**

  Transportation cost is the cost of transporting CPO and PK from our POMs to our customers.

(c) Trading and support services costs

Trading cost is related to sales of agricultural machineries and parts (such as mechanical buffalo, tractors and spare parts), while service cost is related to the cost of providing occupational safety and health training and advisory services (such as cost of conducting consultations, trainings and inspections related to health and safety compliance) and for managing oil palm nurseries (such as maintenance of oil palm seedlings, ornamental crop management and landscaping).

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The breakdown of our cost of sales by cost components during the Financial Years/Period Under Review is set out below:

	<--- Audited					--->	Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Plantation estate costs										
• Manuring and harvesting	151,349	20.6	172,044	18.7	221,744	22.6	115,074	19.9	138,864	28.8
• Depreciation and amortisation	67,633	9.2	79,911	8.7	77,770	7.9	43,110	7.5	41,726	8.7
• General and other charges(1)	106,171	14.4	103,307	11.2	115,040	11.7	53,311	9.2	66,461	13.8
• Windfall profit levy	16,998	2.3	61,798	6.7	65,892	6.7	51,290	8.9	13,164	2.7
• Transportation	32,828	4.5	36,117	3.9	45,348	4.6	20,473	3.6	17,765	3.7
	374,979	51.0	453,177	49.2	525,794	53.5	283,258	49.1	277,980	57.7
POM costs										
• Purchase of FFB	266,128	36.2	373,375	40.5	342,855	34.9	231,093	40.0	136,880	28.4
• General and other charges(1)	39,178	5.3	36,152	3.9	42,941	4.4	23,340	4.0	33,992	7.0
• Processing cost	36,210	4.9	36,183	3.9	42,586	4.3	26,068	4.5	22,502	4.7
• Transportation	9,905	1.3	9,148	1.0	10,384	1.1	4,881	0.9	5,142	1.1
	351,421	47.7	454,858	49.3	438,766	44.7	285,382	49.4	198,516	41.2
Trading and support services cost	9,380	1.3	13,452	1.5	17,138	1.8	8,790	1.5	5,477	1.1
Total	**735,780**	**100.0**	**921,487**	**100.0**	**981,698**	**100.0**	**577,430**	**100.0**	**481,973**	**100.0**

Note:

(1) General and other charges include salaries, bonus, licenses, administrative expenses and miscellaneous charges related to the operations and administration of our plantation segment.

Commentaries on cost of sales

Comparison between FYE 2021 and FYE 2020

Our cost of sales increased by 25.2% to RM921.5 million for the FYE 2021 (FYE 2020: RM735.8 million) mainly due to higher plantation estate costs and POM costs.

Our plantation estate costs increased by 20.9% to RM453.2 million for the FYE 2021 (FYE 2020: RM375.0 million) primarily due to increases in windfall profit levy, as well as manuring and harvesting costs. We recorded an increase in windfall profit levy of RM44.8 million due to higher MPOB's average CPO price, which increased from RM2,686 per MT in 2020 to RM4,407 per MT in 2021, and was substantially above the CPO price threshold of RM2,500 per MT for Peninsular Malaysia.

In addition, our depreciation and amortisation costs increased by 18.2% to RM79.9 million during the FYE 2021 (FYE 2020: RM67.6 million) due to the addition of the Malay Reserved Estates to our estate portfolio and acquisitions of property, plant and equipment (such as acquisition of agricultural vehicles, furniture and fittings, office equipment and software, and other plant and machinery).

Our POM costs increased by 29.5% to RM454.9 million for the FYE 2021 (FYE 2020: RM351.4 million) primarily due to an increase in average FFB purchase price from RM580 per MT during the FYE 2020 to RM977 per MT during the FYE 2021. This was in line with the increase in the average FFB price for Peninsular Malaysia reported by MPOB from RM561 per MT for the FYE 2020 to RM955 per MT for the FYE 2021.

The increase in trading and support services costs during the FYE 2021 was in line with the increase in revenue for this segment during the same period.

Comparison between FYE 2022 and FYE 2021

Our cost of sales increased by 6.5% to RM981.7 million for the FYE 2022 (FYE 2021: RM921.5 million), primarily due to higher plantation estate costs, which was partially offset by lower POM costs.

Our plantation estate costs increased by 16.0% to RM525.8 million for the FYE 2022 (FYE 2021: RM453.2 million) mainly due to higher manuring costs and general and other charges. The increase in our plantation estate costs was offset by lower POM costs, which decreased by 3.5% to RM438.8 million for the FYE 2022 (FYE 2021: RM454.9 million), as we purchased fewer FFB due to supply constraints in the market, which was partially offset by increases in general and other charges as well as processing costs.

The increase in trading and support services costs during the FYE 2022 was in line with the increase of revenue for this segment during the same period.

Comparison between FPE 2023 and FPE 2022

Our cost of sales decreased by 16.5% to RM482.0 million for the FPE 2023 (FPE 2022: RM577.4 million) primarily due to lower POM costs.

Our plantation estate costs decreased by 1.9% to RM278.0 million for the FPE 2023 (FPE 2022: RM283.3 million) mainly due to lower provision for windfall profit levy. We recorded lower windfall profit levy of RM13.2 million for the FPE 2023 (FPE 2022: RM51.3 million) due to a lower MPOB average CPO price, which decreased to RM3,918 per MT in the FPE 2023 (FPE 2022: RM5,982 per MT) and was closer to the CPO price threshold of RM3,000 per MT for Peninsular Malaysia. This was partly offset by higher general and other charges, and manuring and harvesting costs. General and other charges increased due to an increase in upkeep and maintenance charges and an increase in pruning expenses while manuring and harvesting costs increased due to the significant increase in manuring costs as we focused our efforts on implementing the deferred manuring programme in 2023 and due to the higher cost of fertiliser that was purchased in 2022.

Our manuring costs increased by 51.8% to RM94.4 million in the FPE 2023 (FPE 2022: RM62.2 million) as we proceeded to implement the deferred manuring programme in 2023. During the FYE 2022, we deferred part of our planned manuring activities in 2022 to 2023 due to a shortage of labour, and re-allocated available labour to FFB harvesting. However, this was partially offset by the decrease in our harvesting costs decreased by 15.9% to RM44.4 million in the FPE 2023 (FPE 2022: RM52.8 million) due to a decrease in our FFB harvesting activities as we focused on implementing our deferred manuring programme.

Our POM costs decreased by 30.4% to RM198.5 million for the FPE 2023 (FPE 2022: RM285.4 million) as we purchased less FFB due to supply constraints in the market as a result of the flooding in March 2023. Such decrease was partially offset by increases in general and other charges due to an increase in upkeep and maintenance charges.

The decrease in trading and support services costs during FPE 2023 was mainly due to lower volume of transactions for this segment during the same period.

(iii) GP and GP margin

The breakdown of our GP and GP margin during the Financial Years/Period Under Review is set out below:

	<---Audited				--->		Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
GP										
Plantation	282,315	99.1	623,542	99.3	764,473	99.3	527,400	99.4	138,612	98.7
Trading and support services	2,664	0.9	4,206	0.7	5,474	0.7	3,138	0.6	1,778	1.3
Total	**284,979**	**100.0**	**627,748**	**100.0**	**769,947**	**100.0**	**530,538**	**100.0**	**140,390**	**100.0**
GP margin										
Plantation		28.0%		40.7%		44.2%		48.1%		22.5%
Trading and support services		22.1%		23.8%		24.2%		26.3%		24.5%
Total		**27.9%**		**40.5%**		**44.0%**		**47.9%**		**22.6%**

Commentaries on GP and GP margin

Comparison between FYE 2021 and FYE 2020

Our GP increased by 120.2% to RM627.7 million for the FYE 2021 (FYE 2020: RM285.0 million) primarily due to higher revenue as explained in Section 12.3.2(i) of this Prospectus, coupled with a moderate increase in cost of sales.

During the FYE 2021, we recorded a significant increase in revenue of 51.8% owing largely to increases in CPO and PK selling prices. Meanwhile, our cost of sales during the FYE 2021 increased at a slower rate of 25.2% as compared to the increase in our revenue. In particular, our manuring and harvesting costs only increased by 13.7% to RM172.0 million for the FYE 2021 (FYE 2020: RM151.3 million) due to fixed labour costs to spread fertiliser and to harvest FFB, which is tied to the minimum wage. In addition, certain costs included in our cost of sales are also fixed, such as depreciation and amortisation.

As a result of the above, our GP margin increased to 40.5% for the FYE 2021 (FYE 2020: 27.9%).

Comparison between FYE 2022 and FYE 2021

Our GP increased by 22.7% to RM769.9 million for the FYE 2022 (FYE 2021: RM627.7 million) primarily due to higher revenue as explained in Section 12.3.2(i) of this Prospectus, coupled with a more moderate increase in cost of sales.

During the FYE 2022, our revenue increased by 13.1%, which was largely driven by the increase in average CPO and PK selling prices. Meanwhile, our cost of sales which increased by 6.5% for the FYE 2022, increased at a slower rate as compared to the increase in our revenue, as certain costs included in our cost of sales are fixed, such as depreciation and amortisation and labour costs, which was partially offset by an increase in the minimum wage beginning in May 2022.

As a result of the above, our GP margin increased to 44.0% for the FYE 2022 (FYE 2021: 40.5%). Our GP margin increased at a higher rate between FYE 2020 and FYE 2021 of 12.6% than between FYE 2021 and FYE 2022 of 3.5%, primarily due to the larger year-on-year increase in CPO selling prices in the FYE 2021 as explained in Section 12.3.2(i) of this Prospectus. With a moderate year-on-year increase in CPO selling prices in the FYE 2022, our GP margin also increased at a moderate rate.

Comparison between FPE 2023 and FPE 2022

Our GP decreased by 73.5% to RM140.4 million for the FPE 2023 (FPE 2022: RM530.5 million) primarily due to lower revenue as explained in Section 12.3.2(i) of this Prospectus.

During the FPE 2023, our revenue decreased by 43.8%, largely driven by lower revenue from selling CPO and PK. Meanwhile, our cost of sales for the same period only decreased by 16.5% due to increase in manuring costs which, in turn, was caused by higher cost of fertiliser which had been purchased in 2022. We deferred part of our planned manuring activities in the FYE 2022 to the FPE 2023 due to shortage of labour and re-allocated our available labour to FFB harvesting.

As a result of the above, our GP margin decreased to 22.6% for the FPE 2023 (FPE 2022: 47.9%).

(iv) Other income

The breakdown of our other income during the Financial Years/Period Under Review is set out below:

	<-----Audited				----->		Unaudited		Audited	
	FYE 2020		**FYE 2021**		**FYE 2022**		**FPE 2022**		**FPE 2023**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Gain on fair value change for biological assets[(1)]	13,257	55.9	20,317	65.7	-	-	-	-	9,474	62.3
Sale of by-products[(2)]	8,198	34.6	7,068	22.8	5,619	51.3	2,621	38.6	4,058	26.7
Analysis fee[(3)]	806	3.4	712	2.3	1,418	12.9	398	5.9	376	2.5
Trading of CPO[(4)]	-	-	330	1.1	1,080	9.9	1,080	15.9	-	-
Management fee[(5)]	806	3.4	728	2.4	450	4.1	788	11.6	617	4.0
Sales of seeds	51	0.2	267	0.9	627	5.7	245	3.6	-	-
Sale of scrap	107	0.4	469	1.5	374	3.4	404	6.0	101	0.7
Rental income	496	2.1	567	1.8	590	5.4	591	8.7	399	2.6
Others[(6)]	-	-	476	1.5	803	7.3	662	9.7	193	1.2
Total	**23,721**	**100.0**	**30,934**	**100.0**	**10,961**	**100.0**	**6,789**	**100.0**	**15,218**	**100.0**

Notes:

(1) We record gain from increases in fair value of our biological assets, namely the fruits on our oil palms on our plantation estates. To determine the fair value of the oil palm fruits, we consider the oil content of all unripe FFB that, as of the testing date, is at least one week after pollination and no more than one week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting is excluded from the valuation as their fair values are considered to be negligible. The fair value of FFB is calculated using the income approach which considers the net present value of all directly attributable net cash flows, including imputed contributory asset charges.

(2) The sale of by-products comprises of the sale of PK shell, sludge oil or commonly referred to as palm oil mill effluent, mesocarp fibre, boiler ash and EFB from our estates and POMs.

(3) We charge analysis fees to third parties such as smallholders who use our laboratory for fertiliser and domestic water quality analysis.

(4) As CPO is a widely traded commodity in Malaysia, we engage in buying and selling CPO that is produced and sold by third parties in the open market to generate additional income based on market conditions. When such trading results in a net gain, such gain is recorded as other income.

(5) We manage 3 third-party plantation estates located in Johor with total land area of 1,549 Ha as at LPD. We charge management fees for our management of estates owned by third parties and we purchase all the FFB harvested from the owners of these estates.

(6) Others include, among others, proceeds from recovered insurance related to equipment, proceeds from the sale of equipment, fair value changes on derivatives, and unrealised gain on foreign exchange.

Commentaries on other income

Our other income increased by 30.4% to RM30.9 million for the FYE 2021 (FYE 2020: RM23.7 million), mainly due to the increase in fair value change on biological assets as a result of higher estimation of selling prices of FFB which was in line with the increase in average CPO price.

Our other income decreased by 64.4% to RM11.0 million for the FYE 2022 (FYE 2021: RM30.9 million) as there was no gain on fair value change on biological assets during the FYE 2022 (FYE 2021: RM20.3 million). Due to lower FFB prices, we recorded a loss on fair value changes for biological assets during the FYE 2022 as reflected in our other operating expenses in Section 12.3.2(vi) of this Prospectus.

Our other income increased by 123.5% to RM15.2 million for the FPE 2023 (FPE 2022: RM6.8 million), primarily due to the increase in the fair value change on biological assets as a result of the higher estimation of selling prices of FFB.

(v) Administrative expenses

The breakdown of our administrative expenses during the Financial Years/Period Under Review is set out below:

	<-----Audited-----				-----Audited----->		Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Staff cost and employee benefit	52,439	53.0	52,506	52.7	70,157	55.4	35,100	54.1	28,458	56.1
Professional fees	5,007	5.0	3,115	3.1	12,077	9.5	4,166	6.4	1,497	2.9
Office supplies and expenses	16,157	11.0	18,489	18.6	17,429	13.8	12,390	19.1	9,065	17.9
Amortisation and depreciation	10,292	13.7	8,796	8.8	9,503	7.5	4,184	6.4	3,379	6.7
Repair and maintenance	7,143	7.2	7,216	7.2	7,292	5.8	2,766	4.3	3,722	7.3
Donation	1,526	1.5	3,178	3.2	4,216	3.3	3,022	4.7	1,324	2.6
Utility charges	2,225	2.2	2,262	2.3	1,899	1.5	1,019	1.6	1,296	2.6
Others(1)	4,220	4.3	4,057	4.1	4,031	3.2	2,202	3.4	1,953	3.9
Total	**99,009**	**100.0**	**99,619**	**100.0**	**126,604**	**100.0**	**64,849**	**100.0**	**50,694**	**100.0**

Note:

(1) Others include quit rent, amortisation of loan agreement fees and vehicle running expenses.

Commentaries on administrative expenses

Our administrative expenses remained relatively consistent at RM99.6 million for the FYE 2021 as compared to the FYE 2020 at RM99.0 million.

Our administrative expenses increased by 27.1% to RM126.6 million for the FYE 2022 (FYE 2021: RM99.6 million) primarily due to higher staff cost and employee benefits, which increased by RM17.7 million, as a result of the increase in the minimum monthly wage of employees during the FYE 2022 from RM1,200 to RM1,500, and higher professional fees, mainly related to the Pre-Listing Restructuring and our IPO.

Our administrative expenses decreased by 21.8% to RM50.7 million for the FPE 2023 (FPE 2022: RM64.8 million) primarily due to lower staff cost and employee benefit, which decreased by RM6.6 million, as a result of reduction in our headcount upon the completion of the Pre-Listing Restructuring as some staff were retained by Kulim for its non-plantation-related business.

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(vi) Other operating expenses

The breakdown of our other operating expenses during the Financial Years/Period Under Review is set out below:

	<----------Audited				--------->		Unaudited		Audited	
	FYE 2020		**FYE 2021**		**FYE 2022**		**FPE 2022**		**FPE 2023**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Fair value change on biological assets(1)	-	-	-	-	16,752	100.4	2,825	94.3	-	-
Loss on trading of CPO(2)	2,116	39.1	-	-	-	-	-	-	-	-
Allowance / (Reversal of allowance) for impairment losses on receivables	(776)	(14.3)	(337)	(8.9)	(546)	(3.3)	(27)	(0.9)	141	6.4
COVID-19 expenses	3,252	60.0	3,842	101.5	-	-	-	-	-	-
Written off of property, plant and equipment	805	14.8	66	1.7	232	1.4	30	1.0	1,820	83.0
Others(3)	22	0.4	214	5.7	251	1.5	169	5.6	232	10.6
Total	**5,419**	**100.0**	**3,785**	**100.0**	**16,689**	**100.0**	**2,997**	**100.0**	**2,193**	**100.0**

Notes:

(1) Please refer to Section 12.3.2(iv) of this Prospectus for information on fair value changes for our biological assets. Changes in the fair value of our biological assets, less estimated costs (net value) to sell the same agricultural produce, are included in our other operating expenses for the period when they result in a loss.

(2) Please refer to Note (4) of Section 12.3.2(iv) of this Prospectus for information on our trading of CPO. When such trading results in a net loss, such loss is recorded as an operating expense.

(3) Others include write-off of inventories and loss on disposal of subsidiaries.

Commentaries on other operating expenses

Our other operating expenses decreased by 29.6% to RM3.8 million for the FYE 2021 (FYE 2020: RM5.4 million) as we recorded a gain on trading of CPO (under other income), as compared to a loss on trading of CPO in the previous financial year. The loss on trading of CPO for the FYE 2020 was related to buying back of CPO forward contracts at current market price due to non-delivery of CPO.

Our other operating expenses increased by 339.5% to RM16.7 million for the FYE 2022 (FYE 2021: RM3.8 million) primarily due to a loss on fair value changes for biological assets as a result of lower selling prices of FFB.

Our other operating expenses decreased by 26.7% to RM2.2 million (FPE 2022: RM3.0 million) as there we no losses recorded on changes in fair value of biological assets during the financial year. This was offset by higher property, plant and equipment written off.

(vii) Finance income

The breakdown of our finance income during the Financial Years/Period Under Review is set out below:

	<----------Audited				---------->		Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest income from:										
• deposits with licensed banks	2,639	92.8	2,016	91.1	2,767	59.6	1,427	96.7	1,156	79.9
• other receivables	204	7.2	197	8.9	1,876	40.4	49	3.3	290	20.1
Total	**2,843**	**100.0**	**2,213**	**100.0**	**4,643**	**100.0**	**1,476**	**100.0**	**1,446**	**100.0**

Commentaries on finance income

Our finance income decreased by 21.4% to RM2.2 million for the FYE 2021 (FYE 2020: RM2.8 million) mainly due to lower finance income from deposits with licensed banks as a result of the decrease in Malaysia's overnight policy rate during 2021.

Our finance income increased by 109.1% to RM4.6 million for the FYE 2022 (FYE 2021: RM2.2 million) mainly due to higher finance income from deposits with licensed banks as a result of the increase in Malaysia's overnight policy rate during 2022, and higher interest earned from other receivables.

Our finance income remained relatively consistent at RM1.4 million for the FPE 2023 as compared to the FPE 2022 at RM1.5 million.

(viii) Finance costs

The breakdown of our finance costs during the Financial Years/Period Under Review is set out below:

	<----------Audited				---------->		Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest expenses on:										
• term loan	83,257	93.0	66,561	96.6	67,678	92.5	36,750	96.1	46,790	95.6
• revolving credit	5,682	6.4	1,953	2.8	4,841	6.6	1,353	3.6	-	-
• bank overdraft	3	*	5	*	-	-	-	-	-	-
Others[(1)]	562	0.6	424	0.6	619	0.9	124	0.3	2,152	4.4
Total	**89,504**	**100.0**	**68,943**	**100.0**	**73,138**	**100.0**	**38,227**	**100.0**	**48,942**	**100.0**

Notes:

* Less than 0.1%.

(1) 'Others' include interest expense on lease liabilities, interest on loan from related companies and retirement benefits for union employees.

Commentaries on finance costs

Our finance costs decreased by 23.0% to RM68.9 million for the FYE 2021 (FYE 2020: RM89.5 million) primarily as a result of lower interest expense on loans and borrowings following partial repayment of our term loan and revolving credit.

Our finance costs increased by 6.1% to RM73.1 million for the FYE 2022 (FYE 2021: RM68.9 million) due to higher interest expense on loans and borrowings as we obtained additional term loan and revolving credit mainly for the financing of development and construction of our biomethane plant at Sedenak POM.

Our finance costs increased by 28.0% to RM48.9 million for the FPE 2023 (FPE 2022: RM38.2 million) primarily due to higher interest rates as a result of the increase of Malaysia's overnight policy rate to 3.0% in 2023 compared to Malaysia's lower overnight policy rate of 2.3% in 2022.

(ix) Taxation

Our tax expense together with the comparison between our effective and statutory tax rates during the Financial Years/Period Under Review are set out below:

	<-----------------Audited----------------->			Unaudited	Audited
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FPE 2022 (RM'000)**	**FPE 2023 (RM'000)**
Current tax expense					
- Current year	65,440	132,802	198,588	133,950	20,309
- (Over)/ Under provision in prior year	(2,165)	(4,357)	(6,778)	3	(25,467)
	63,275	128,445	191,810	133,953	(5,158)
Deferred tax expense					
Origination and reversal of temporary differences	(1,900)	14,028	(123,855)	517	4,760
Under/(Over) provision in prior years	1,335	(2,596)	(401)	-	(2,528)
Total deferred tax recognised in profit or loss	(565)	11,432	(124,256)	517	2,232
Total tax expense	**62,710**	**139,877**	**67,554**	**134,470**	**(2,926)**
Effective tax rate (%)	53.3	28.6	11.9	31.1	(5.3)
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

We are subject to income tax at the applicable statutory tax rates in Malaysia. For the Financial Years/Period Under Review, we do not have any outstanding or provision for withholding tax.

Commentaries on taxation

Our effective tax rate for the FYE 2020 of 53.3% was higher than the statutory tax rate of 24.0%, primarily due to non-deductible expenses of RM41.2 million, which comprised mainly depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted. These non-deductible expenses were partially offset by the tax-exempt income of RM5.9 million, mainly arising from gain on changes in fair value of biological assets.

Our effective tax rate for the FYE 2021 of 28.6% was higher than the statutory tax rate of 24.0%, primarily due to non-deductible expenses of RM32.4 million, which comprised mainly of depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted. These non-deductible expenses were partially offset by the tax-exempt income of RM2.5 million, mainly arising from gain on changes in fair value of biological assets.

Our effective tax rate for the FYE 2022 of 11.9% was lower than the statutory tax rate of 24.0%, primarily due to reversal of deferred tax liabilities in relation to waiver of real property gain tax of RM113.1 million granted by the Ministry of Finance. This was, however, partially offset by the one-off prosperity tax (Cukai Makmur) of RM17.0 million imposed during the financial year, whereby chargeable income of above RM100.0 million will be taxed at a rate of 33.0%, and non-deductible expenses of RM34.8 million, which comprised mainly depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense above the amount that can be deducted.

For the FPE 2023, we recorded lower tax expense due to the absence of one-off prosperity tax (Cukai Makmur), and overprovision of tax expenses amounting to RM25.5 million in the prior year as certain finance costs were regarded as tax deductible. These significantly reduced our current tax expense and effective tax rate during the financial period.

(x) Zakat

Our zakat expenses were RM2.6 million, RM4.1 million and RM6.2 million for the FYE 2020, FYE 2021 and FYE 2022 respectively. We recorded higher zakat expenses from the FYE 2020 to FYE 2020 due to the increase in our adjusted net current assets for zakat computations.

We did not incur any zakat expense for the FPE 2023 (FPE 2022: RM6.2 million). Zakat of approximately RM1.7 million was paid subsequent to the FPE 2023 in October 2023, where the lower amount paid was mainly due to lower adjusted current assets for zakat computations for items that do not meet the conditions for zakat assets and liabilities.

(xi) PBT, PBT margin, PAT and PAT margin

	<--------------------Audited	---------------------	-------------------->	Unaudited	Audited
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FPE 2022 (RM'000)**	**FPE 2023 (RM'000)**
PBT	117,611	488,548	569,120	432,730	55,225
PBT margin (%)	11.5	31.5	32.5	39.1	8.9
PAT attributable to owners of our Group	52,501	344,796	495,592	292,131	58,344
PAT margin (%)	5.1	22.3	28.3	26.4	9.4

Commentaries on PBT, PBT margin, PAT and PAT margin

<u>Comparison between FYE 2021 and FYE 2020</u>

For the FYE 2021, our PBT increased by 315.4% to RM488.5 million (FYE 2020: RM117.6 million) primarily due to higher GP as explained in Section 12.3.2(iii) of this Prospectus. In line with the above, our PAT increased by 556.8% to RM344.8 million for the FYE 2021 (FYE 2020: RM52.5 million). The higher PAT in 2021 was also attributed to a lower effective tax rate of 28.6% for the FYE 2021 (FYE 2020: 53.3%) as explained in Section 12.3.2(ix) of this Prospectus. The effective tax rate for the FYE 2020 was higher mainly due to non-deductible expenses consisting of depreciation of property, plant, and equipment, amortisation of right of use assets and interest expense exceeding the amount that can be deducted.

As a result of the above, we recorded higher PBT margin of 31.5% for the FYE 2021 (FYE 2020: 11.5%) and higher PAT margin of 22.3% for the FYE 2021 (FYE 2020: 5.1%).

Comparison between FYE 2022 and FYE 2021

For the FYE 2022, our PBT increased by 16.5% to RM569.1 million (FYE 2021: RM488.5 million) mainly due to higher GP as explained in Section 12.3.2(iii) of this Prospectus. The higher GP for the FYE 2022 was, however, partially offset by higher administrative expenses due to increase in staff costs (mainly because of increase in minimum monthly wage for the FYE 2022 from RM1,200 to RM1,500) and professional fees (incurred for the Pre-Listing Restructuring and our IPO) as explained in Section 12.3.2(v) of this Prospectus.

Our PAT increased by 43.7% to RM495.6 million for the FYE 2022 (FYE 2021: RM344.8 million). Our PAT increased at a higher rate than our PBT due to lower effective tax rate of 11.9% during the FYE 2022 (FYE 2021: 28.6%). As explained in Section 12.3.2(ix) of this Prospectus, this was primarily due to reversal of deferred tax liabilities in relation to waiver of real property gain tax of RM113.1 million granted by the Ministry of Finance, thereby resulting in lower tax expense and was, however, partially offset by the prosperity tax of RM17.0 million imposed during the financial year.

As a result of the above, we recorded higher PBT margin of 32.5% for the FYE 2022 (FYE 2021: 31.5%) and higher PAT margin of 28.3% for the FYE 2022 (FYE 2021: 22.3%).

Comparison between FPE 2023 and FPE 2022

Our PBT decreased by 87.2% to RM55.2 million for the FPE 2023 (FPE 2022: RM432.7 million) mainly due to the decrease in our GP as explained in Section 12.3.2(iii) of this Prospectus coupled with the increase in interest expense for advances from Kulim amounting to RM144.0 million during the FPE 2023 for our working capital. Such decrease in our GP was partially offset by higher other income, and lower administrative and other operating expenses as explained above.

For the FPE 2023, we recorded lower tax expense based on the reasons explained in Section 12.3.2(ix) of this Prospectus and as a result, our PAT of RM58.3 million was higher than our PBT of RM55.2 million for the FPE 2023.

As a result of the above, we recorded lower PBT margin of 8.9% for the FPE 2023 (FPE 2022: 39.1%) and lower PAT margin of 9.4% for the FPE 2023 (FPE 2022: 26.4%).

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our working capital is funded through cash generated from our operating activities, various credit facilities extended to us by financial institutions, and our existing cash and cash equivalents. We expect to continue to rely on these sources of funding after completion of the Public Issue.

As at 31 July 2023, we had:

(i) cash and cash equivalents of RM92.0 million and unutilised credit facilities of RM55.4 million; and

(ii) working capital of approximately RM45.1 million, being the difference between current assets of approximately RM337.3 million and current liabilities of approximately RM292.2 million.

After taking into consideration the funding requirements for our expected capital expenditures, our expected cash flows to be generated from our operations, our existing level of cash and cash equivalents, credit facilities available (amounting to approximately RM77.4 million as at the LPD) and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

12.4.2 Cash flows summary

The summary of our consolidated statements of cash flows during the Financial Years/Period Under Review is set out below:

	<------------------------Audited------------------------>			
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FPE 2023 (RM'000)**
Net cash flows generated from operating activities	251,328	481,730	373,310	124,877
Net cash flows used in investing activities	(70,625)	(84,938)	(94,573)	(50,060)
Net cash flows used in financing activities	(147,028)	(354,991)	(451,604)	(8,239)
Net increase/(decrease) in cash and cash equivalents	**33,675**	**41,801**	**(172,867)**	**66,578**
Cash and cash equivalents at the beginning of the financial year/period	122,844	156,519	198,320	25,453
Cash and cash equivalents at the end of the financial year/period	156,519	198,320	25,453	92,031

There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and/or loans or advances and compliance with legal requirements and financial covenants.

Commentaries on cash flows

<u>FYE 2020</u>

(i) Net cash flows generated from operating activities

For the FYE 2020, our cash flows generated from operating activities before working capital changes was RM304.7 million. Our net operating cash flow was RM251.3 million after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) increase in trade and other receivables of RM98.8 million due to increased billings to customers from increased sales during the financial year; and

(b) payment of income taxes and zakat of RM46.1 million and RM2.6 million respectively, which was partially offset by the receipt of tax refund of RM7.6 million.

The above was partly offset by an increase in working capital related to the increase in trade and other payables of RM82.5 million due to the increase in other payables from the rental of Malay Reserved Estates.

(ii) Net cash flows used in investing activities

For the FYE 2020, we recorded net cash flows used in investing activities of RM70.6 million, which was primarily due to the purchase of property, plant and equipment of RM73.5 million, comprising mainly:

(a) pre-cropping expenditure on immature oil palms of RM35.3 million;

(b) additional work in progress relating to plant and machinery of RM23.9 million mainly for the upgrading of our Sedenak POM;

(c) purchase of plant and machinery, furniture and equipment and motor vehicles totaling RM8.2 million; and

(d) acquisition of bearer assets (replanting of oil palms) of RM4.8 million.

The above cash outflows were partly offset by the interest received from placement of deposits in financial institutions of RM2.8 million.

(iii) Net cash flows used in financing activities

For the FYE 2020, we recorded net cash used in financing activities of RM147.0 million. This was mainly used for the repayment of our borrowings of RM354.1 million, dividend paid of RM318.0 million, as well as interest paid for our borrowings of RM90.3 million. The cash outflows were partly offset by the repatriation of cash* from our immediate holding company, Kulim, of RM316.0 million and drawdown of our borrowings of RM300.0 million for working capital purposes.

Note:

* This arose as part of the effect of business combination under common control pursuant to the Pre-Listing Restructuring whereby we had recognised the plantation business that we acquired from Kulim at carrying amounts. As the dividends paid by our Group to Kulim during the FYE 2020 were reinvested by Kulim into its plantation business that was subsequently acquired by us pursuant to the Pre-Listing Restructuring, such effect was recognised as a repatriation of cash from Kulim to our Group.

FYE 2021

(i) Net cash flows generated from operating activities

For the FYE 2021, our cash flows generated from operating activities before working capital changes was RM642.9 million. Our net operating cash flow was RM481.7 million after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) increase in trade and other receivables of RM55.2 million due to increases in CPO selling prices leading to higher amounts of receivables; and

(b) payment of income taxes and zakat of RM116.9 million and RM4.1 million respectively, which was partially offset by the receipt of tax refund of RM2.6 million.

The above was partially offset by an increase in working capital related to an increase in trade and other payables of RM16.9 million mainly due to higher purchases of supplies and equipment to operate our plantation estates and POMs.

(ii) Net cash flows used in investing activities

For the FYE 2021, we recorded net cash flows used in investing activities of RM84.9 million, which was primarily due to the purchase of property, plant and equipment of RM86.7 million, comprising mainly:

(a) pre-cropping expenditure on immature oil palms of RM27.6 million;

(b) purchase plant and machinery, furniture and equipment and motor vehicles totaling RM25.1 million;

(c) additional work in progress of RM27.3 million related to the development of the biogas plant.

The above cash outflows were partly offset by the interest received from placement of deposits in financial institutions of RM2.0 million.

(iii) Net cash flows used in financing activities

For the FYE 2021, we recorded net cash used in financing activities of RM355.0 million. This was mainly used for the repayment of our borrowings of RM243.0 million, dividend paid to shareholders of RM200.0 million and interest paid for our borrowings of RM72.2 million. These cash outflows were partly offset by the repatriation of cash* from our immediate holding company, Kulim, of RM85.0 million and drawdown of our borrowings of RM79.6 million for working capital purposes.

Note:

* This arose as part of the effect of business combination under common control pursuant to the Pre-Listing Restructuring whereby we had recognised the plantation business that we acquired from Kulim at carrying amounts. As the dividends paid by our Group to Kulim during the FYE 2021 were reinvested by Kulim into its plantation business that was subsequently acquired by us pursuant to the Pre-Listing Restructuring, such effect was recognised as a repatriation of cash from Kulim to our Group.

FYE 2022

(i) Net cash flows generated from operating activities

For the FYE 2022, our cash flows generated from operating activities before working capital changes was RM762.4 million. Our net operating cash flow was RM373.3 million after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) increase in trade and other receivables of RM44.5 million mainly due to the increase in amount owing by Kulim to us mainly for advances to our immediate holding company;

(b) decrease in trade and other payables of RM56.7 million due to payment of amounts owed to our suppliers and related parties;

(c) increase in inventories of RM45.0 million due to fertilisers purchased during the year which remained unutilised as we postponed our manuring program to the following year; and

(d) payment of income taxes and zakat of RM235.8 million and RM6.2 million respectively, which was partially offset by the receipt of tax refund of RM1.6 million.

(ii) Net cash flows used in investing activities

For the FYE 2022, we recorded net cash flows used in investing activities of RM94.6 million, which was primarily due to the purchase of property, plant and equipment of RM101.8 million, comprising mainly:

(a) expenditure on our biogas plant, production capacity of our Sindora POM, and construction of a PFOE plant for our Sedenak POM totaling RM60.0 million;

(b) pre-cropping expenditure on immature oil palms of RM28.6 million; and

(c) purchase of plant and machinery, furniture and equipment, and motor vehicles amounting to a total of RM11.4 million.

The above cash outflows were partly offset by proceeds from the disposal of property, plant and equipment of RM2.8 million and interest received of RM2.8 million.

(iii) Net cash used in financing activities

For the FYE 2022, we recorded net cash used in financing activities of RM451.6 million. This was mainly used for the repayment of our borrowings of RM407.5 million, dividend paid to shareholders of RM82.5 million, interest paid for our borrowings of RM76.3 million and the repatriation of cash* to our immediate holding company, Kulim, and its related companies amounting to a total of RM281.6 million. These cash outflows were partly offset by the drawdown of our borrowings of RM397.7 million for working capital purposes and construction of our biomethane plant at Sedenak POM.

Note:

* This arose as part of the effect of business combination under common control pursuant to the Pre-Listing Restructuring whereby our Company had recognised the respective plantation businesses that we acquired from Kulim and its related companies at carrying amounts. As certain cash held in the plantation business of Kulim and its related companies was excluded from the identified assets to be transferred to our Group when the Pre-Listing Restructuring was completed in December 2022, such effect was recognised as a repatriation of cash from our Group to Kulim and its related companies during the FYE 2022.

<u>FPE 2023</u>

(i) Net cash flows generated from operating activities

For the FPE 2023, our cash flows generated from operating activities before working capital changes was RM156.9 million. Our net operating cash flow was RM124.9 million, after adjusting for, among others, the following decreases in working capital and other cash outflows:

(a) decrease in trade and other payables of RM102.1 million due to accelerated payments to creditors;

(b) decrease in inventories of RM26.4 million due to the implementation of our deferred manuring programme during the financial period; and

(c) payment of income taxes of RM82.8 million, which was partially offset by the receipt of tax refund of RM5.3 million.

The above was partially offset by a decrease in trade and other receivables of RM121.7 million mainly due to the settlement of the amount due from Kulim to us of approximately RM69.8 million which was set-off against our dividends.

(ii) Net cash flows used in investing activities

For the FPE 2023, we recorded net cash flows used in investing activities of RM50.1 million, which was primarily due to the purchase of property, plant and equipment of RM51.6 million relating to costs incurred for pre-cropping expenditure on immature oil palms and work-in-progress for the construction of biomethane and bio-CNG plants.

(iii) Net cash used in financing activities

For the FPE 2023, we recorded net cash used in financing activities of RM8.2 million. During the financial period, we took an advance from our immediate holding company amounting to RM144.0 million which we partially repaid RM14.7 million during the same financial period. We also made repayments of our borrowings amounting to RM89.4 million, and interest for our borrowings amounting to RM49.0 million.

12.4.3 Key financial ratios

Our key financial ratios during the Financial Years/Period Under Review are as follows:

	<-----------------------Audited			------------------------>
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2023**
Trade receivables turnover period(1) (days)	17	15	13	13
Trade payables turnover period(2) (days)	37	20	18	16
Inventories turnover period(3) (days)	9	8	16	24
Current ratio(4) (times)	0.9	1.3	1.0	1.2
Gearing ratio(5) (times)	1.2	1.0	0.9	0.9
Net gearing ratio(6) (times)	1.1	0.9	0.9	0.9

Notes:

(1) Computed as the average of trade receivables over our total revenue for the respective financial years/period multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021 and FYE 2022, and 212 days for the FPE 2023.

(2) Computed as the average of trade payables over our cost of sales for the respective financial years/period multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021 and FYE 2022, and 212 days for the FPE 2023.

(3) Computed as the average of inventories over our cost of sales for the respective financial years/period multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021 and FYE 2022, and 212 days for the FPE 2023.

(4) Computed as current assets divided by current liabilities.

(5) Computed as the sum of total borrowings and total lease liabilities over the equity attributable to owners of our Group.

(6) Computed as net borrowings (the sum of total borrowings and total lease liabilities less cash and cash equivalents) over the equity attributable to owners of our Group.

(i) Trade receivables turnover period

Our trade receivables relate to transactions with external customers and related parties. Our trade receivables are primarily from customers who purchase CPO and PK from us. For CPO, the credit period indicated in our contracts is typically 7 days from the invoice date. For PK, payments are made before the collection of goods. In general, we are subject to penalty charges if the quality of CPO, PK or FFB is below their respective thresholds set out in the relevant contract or purchase order with our customer. The normal credit period granted to our customers under our trading and support services segment ranges from 30 to 90 days from the date of our invoice.

A summary of our trade receivables turnover period during the Financial Years/Period Under Review is set out below:

	<----------Audited---------->			
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FPE 2023 (RM'000)**
Average trade receivables(1)	47,404	62,944	62,502	38,136
Revenue	1,020,759	1,549,235	1,751,645	622,363
Trade receivables turnover period(2) (days)	17	15	13	13

Notes:

(1) Computed as the average of trade receivables at the beginning and at the end of the respective financial years/period.

(2) Computed as the average of trade receivables over our revenue for the respective financial years/period multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021 and FYE 2022, and 212 days for the FPE 2023.

During the Financial Years/Period Under Review, our trade receivables turnover period has been decreasing from 17 days for the FYE 2020 to 15 days for the FYE 2021 and further decreased to 13 days for the FYE 2022 and FPE 2023 due to improvement in cash collection as a result of enhanced collection efforts and tightened credit control procedures through close monitoring of overdue trade receivables as well as constant reminders and continuous engagement with our customers on the outstanding amount. The trade receivables turnover period is higher than our credit term of 7 days as our customers conduct a quality review of the CPO and PK before settling our invoices.

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The ageing analysis of our trade receivables as at 31 July 2023 and the subsequent collections up to the LPD are as follows:

		Exceeding credit period			
	Within credit period (RM'000)	Not more than 30 days overdue (RM'000)	Between 31 to 120 days overdue (RM'000)	More than 120 days overdue (RM'000)	Total (RM'000)
Trade receivables as at 31 July 2023	30,224	1,453	864	3,199	35,740
% of total trade receivables	84.6%	4.1%	2.4%	8.9%	100.0%
Subsequent collections up to the LPD	30,066	1,364	775	302	32,507
Outstanding trade receivables as at the LPD	159	89	89	2,897	3,234
% of total trade receivables	0.4%	0.2%	0.2%	8.1%	9.0%

As at the LPD, we have collected RM32.5 million or 91.0% of our total trade receivables of RM35.7 million which were outstanding as at 31 July 2023. We have made an impairment loss allowance of approximately RM1.5 million in July 2023 and RM1.4 million in November 2023 in respect of trade receivables from our trading and support services segment which had been overdue for more than 120 days as we continue our collection efforts with the relevant customers.

Save for the above, our Board is of the opinion that our remaining outstanding trade receivables are recoverable and that no further provision for impairment is required after taking into consideration our relationship with these customers and their historical payment trends.

(ii) Trade payables turnover period

The credit period typically granted to us by our suppliers ranges between 30 days to 60 days. Our trade payables turnover period generally falls within the credit period extended to us by our suppliers. Our trade payables relate to transactions with external suppliers.

A summary of our trade payables turnover period during the Financial Years/Period Under Review is set out below:

	<-----------------------Audited----------------------->			
	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)
Average trade payables(1)	74,575	51,265	48,001	37,361
Cost of sales	735,780	921,487	981,698	481,973
Trade payables turnover period(2) (days)	37	20	18	16

Notes:

(1) Computed as the average of trade payables at the beginning and at the end of the respective financial years/period.

(2) Computed as the average of trade payables over our cost of sales for the respective financial years/period multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021 and FYE 2022, and 212 days for the FPE 2023.

We endeavour to maintain good business relationship with our suppliers through timely payments for all accepted goods or services. During the Financial Years/Period Under Review, our trade payables turnover period decreased from 37 days for the FYE 2020 to 20 days for the FYE 2021, and further decreased to 18 days for the FYE 2022 and 16 days for the FPE 2023. Such decrease was mainly attributed to our conscious decision in reducing our trade payables in line with shorter collection period with our customers.

The ageing analysis of our trade payables as at 31 July 2023 and the subsequent payments up to the LPD are as follows:

		Exceeding credit period			
	Within credit period (RM'000)	**Not more than 30 days overdue (RM'000)**	**Between 31 to 120 days overdue (RM'000)**	**More than 120 days overdue (RM'000)**	**Total (RM'000)**
Trade payables as at 31 July 2023	19,104	13,000	2,649	276	35,029
% of total trade payables	54.5%	37.1%	7.6%	0.8%	100.0%
Subsequent payments up to the LPD	18,440	12,840	2,337	232	33,849
Outstanding trade payables as at the LPD	665	160	312	44	1,180
% of total trade payables	1.9%	0.5%	0.9%	0.1%	3.4%

As at the LPD, we have paid RM33.8 million or 96.6% of our total trade payables of RM35.0 million which were outstanding as at 31 July 2023. For the Financial Years/Period Under Review, there was no matter in dispute with respect to trade payables, or legal action initiated by any of our suppliers to demand for payment.

(iii) Inventories turnover period

A summary of our inventories turnover period during the Financial Years/Period Under Review is set out below:

	<-----------------------Audited----------------------->			
	FYE 2020 (RM'000)	**FYE 2021 (RM'000)**	**FYE 2022 (RM'000)**	**FPE 2023 (RM'000)**
Average inventories[(1)]	17,852	20,075	44,178	53,482
Cost of sales	735,780	921,487	981,698	481,973
Inventories turnover period[(2)] (days)	9	8	16	24
- raw materials and consumables (days)	3	3	10	16
- agricultural produce and finished goods (days)	6	5	6	8

Notes:

(1) Computed as the average of inventories at the beginning and at the end of the respective financial years/period.

(2) Computed as average of inventories over our cost of sales for the respective financial years/period multiplied by 366 days for the FYE 2020, 365 days for the FYE 2021 and FYE 2022, and 212 days for the FPE 2023.

Our inventories primarily comprise raw materials, the majority of which is FFB that we produce on our plantation estates, and consumables, including fertilisers, chemicals, spare parts and fuels. Our inventories also include agricultural produce and finished goods such as CPO and PK that we produce at our POMs.

Our raw materials and consumables as at 31 December 2022 increased to RM46.5 million (31 December 2021: RM7.9 million), resulting in a higher inventories turnover period of 16 days for the FYE 2022 as compared to 8 days for the FYE 2021. This was mainly due to deferment of our manuring programme to 2023 as we allocated more estate workers to harvesting in 2022, and consequently, some of the fertilisers bought during the FYE 2022 remained unutilised, leading to higher closing stock of fertiliser as at 31 December 2022. Our inventories turnover period increased further to 24 days due to higher average inventories as we continue to purchase fertilisers during the FPE 2023 for our manuring program which has yet to be completed as at 31 July 2023.

We review our inventories for write-offs periodically. Our estate managers and agronomists monitor our inventory of consumables and chemicals respectively, and recommend write-offs when inventory is deemed obsolete and no longer usable. During the FYE 2021, we wrote off inventories amounting to RM0.2 million due to culling and deceased oil palm seedlings.

(iv) Current ratio

A summary of our current ratio during the Financial Years/Period Under Review is set out below:

	<---Audited			--->
	31 December 2020 (RM'000)	**31 December 2021 (RM'000)**	**31 December 2022 (RM'000)**	**31 July 2023 (RM'000)**
Current assets	331,898	453,168	349,796	337,290
Current liabilities	352,180	353,810	344,497	292,179
Current ratio[(1)] (times)	0.9	1.3	1.0	1.2

Note:

(1) Computed as current assets divided by current liabilities.

As at 31 December 2021, our current ratio increased to 1.3 times (31 December 2020: 0.9 times), primarily due to the following reasons:

(i) increase in our cash and cash equivalents to RM198.3 million (31 December 2020: RM156.5 million) due to net cash inflows from our business operations during the financial year of RM41.8 million;

(ii) increase in our trade and other receivables to RM165.1 million (31 December 2020: RM109.5 million) in line with higher revenue for the year; and

(iii) higher fair value of biological assets at RM39.5 million (31 December 2020: RM19.1 million) in line with the increase in average CPO prices.

As at 31 December 2022, our current ratio decreased to 1.0 times (31 December 2021: 1.3 times), primarily due to lower cash and cash equivalents at RM25.5 million (31 December 2021: RM198.3 million) arising from the repatriation of cash to our immediate holding company and related companies as part of the effect of business combination under common control where the cash held in Kulim's plantation business was not transferred to our Group during the Pre-Listing Restructuring. This was, however, partly offset by a higher level of inventories at RM66.7 million (31 December 2022: RM21.7 million).

As at 31 July 2023, our current ratio increased to 1.2 times (31 July 2022: 1.0 times) mainly due to a decrease in trade and other payables to RM93.6 million (31 December 2022: RM148.8 million) due to increased payments to creditors.

(v) Gearing ratio

A summary of our gearing ratio during the Financial Years/Period Under Review is set out below:

	<----------------------------Audited---------------------------->			
	31 December 2020 (RM'000)	**31 December 2021 (RM'000)**	**31 December 2022 (RM'000)**	**31 July 2023 (RM'000)**
Total borrowings	2,042,062	1,878,630	1,767,560	1,680,176
Total lease liabilities	2,052	2,273	1,418	109,117
Equity attributable to owners of our Group	1,643,423	1,873,219	1,975,790	1,961,446
Gearing ratio(1) (times)	1.2	1.0	0.9	0.9
Net gearing ratio(2) (times)	1.1	0.9	0.9	0.9

Notes:

(1) Computed as the sum of total borrowings and total lease liabilities over the equity attributable to owners of our Group.

(2) Computed as net borrowings (the sum of total borrowings and total lease liabilities less cash and cash equivalents) over the equity attributable to owners of our Group.

Our gearing ratio decreased to 1.0 times as at 31 December 2021 (31 December 2020: 1.2 times) and further to 0.9 times as at 31 December 2022, primarily due to repayment of term loan and revolving credit, and an increase in our NA as a result of profit generated during the financial year, which was partly offset by the dividend paid.

Our gearing ratio remained relatively unchanged at 0.9 times as at 31 July 2023 (31 December 2022: 0.9 times).

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12.4.4 Borrowings

As at 31 July 2023, our total outstanding borrowings amounted to approximately RM1.6 billion, further details of which are set out below:

Type of borrowings	Purpose	Maturity	Interest rate	As at 31 July 2023 (RM'000)
Non-current				
Secured term loans (comprising the STF-i Facility, TF-i Facility and other facilities)	(i) Refinancing of existing borrowings; (ii) Payment for the Privatisation of Kulim; (iii) Working capital; and (iii) Capital expenditure for the construction of biomethane and bio-CNG plants	2026 - 2032	4.49% - 5.83%	1,483,637
Hire purchase	Purchase of motor vehicle	2025	4.25% - 4.74%	67
				1,483,704
Current				
Secured term loans (comprising the STF-i Facility, TF-i Facility and other facilities)	(i) Refinancing of existing borrowings; (ii) Payment for the Privatisation of Kulim; (iii) Working capital; and (iii) Capital expenditure for the construction of biomethane plant	2026 - 2031	4.49% - 5.83%	194,435
Revolving credit (comprising the RC-i Facility)	Working capital	-	5.92%	2,000
Hire purchase	Purchase of motor vehicle	2025	4.25% - 4.74%	37
				196,472
Total borrowings				**1,680,176**

The maturity profile of our total outstanding borrowings as at 31 July 2023 is as follows:

	RM'000
Within 1 year	196,473
1 to 2 years	443,419
2 to 5 years	514,856
More than 5 years	525,428
Total	**1,680,176**

We have not defaulted on payments of either interest or principal sums in respect of any borrowings throughout the Financial Years/Period Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities. As at the LPD, we are not in breach of the terms and conditions, or covenants associated with our credit arrangements or bank loans.

12.4.5 Material capital commitments

Save as disclosed below, we do not have any other material capital commitments as at the LPD:

	RM'000
Property, plant and equipment:	
• Authorised and contracted for	55,469
• Authorised but not contracted for	53,294
	108,763
Operating lease commitments:	
• Expiring not later than 1 year	8,409
• Expiring later than 1 year and not later than 5 years	12,423
	20,832
Total	**129,595**

We expect to meet our capital expenditure requirements using our internally generated funds (which include our cash and cash equivalents and cash generated from future operations) and bank borrowings.

Pursuant to the Shareholders' Agreement, we have also committed up to RM[●] million for the subscription of new ordinary shares in JPG Refinery and the subscription proceeds will be used to partially fund the construction of an integrated sustainable palm oil complex. Please refer to Section 4.5.1 of this Prospectus for further details of the capital expenditure on the integrated sustainable palm oil complex and use of proceeds arising from the Public Issue.

12.4.6 Contingent liabilities

As at the LPD, we have not provided any corporate guarantees in favour of various financial institutions in respect of credit facilities extended to our subsidiaries.

Save as disclosed above, as at the LPD, we do not have any material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.4.7 Financial risk management

We are exposed to certain financial risks arising from our operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. Our financial risk management objective is to minimise potential adverse effects on our financial performance. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to our financial risk management policies. We have used derivative financial instruments such as future commodities sales contracts, which are agreements to sell a specified quantity of CPO at a predetermined price on a future date, and interest rate swaps in the past, and from time to time may use such instruments in the future, to hedge certain exposures.

Our Board has overall responsibility for the oversight of financial risk management, including the identification of operational and strategic risks, and subsequent action plans to manage these risks. Our Board regularly reviews these risks and approves the policies covering the management of these risks. Our management is responsible for identifying, monitoring and managing our risk exposures.

We are not exposed to foreign exchange risk or translation effect as we operate entirely within Malaysia and conduct our operations in RM.

12.4.8 Off-balance sheet arrangements

We did not have any off-balance sheet arrangements during the Financial Years/Period Under Review.

12.4.9 Significant changes on the financial position

There are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FPE 2023 and up to the LPD.

12.4.10 Order book

We do not maintain an order book due to the nature of our business whereby our sales are carried out based on purchase orders received from our customers on an on-going basis.

12.5 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that was reasonably expected to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 8 and 9 of this Prospectus;

(ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;

(iii) known trends, demands, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for the interruption to business and operations as set out in Section 7.18 of this Prospectus, and our future plans and strategies as set out in Section 7.3 of this Prospectus;

(iv) known trends, demands, events or uncertainties that are reasonably likely to make our historical consolidated financial statements not indicative of the future financial performance and position; and

(v) known trends, demands, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

12.6 DIVIDEND POLICY

The payment of dividends by us will depend upon our distributable profits, financial performance and cash flow requirements for operations and capital expenditure as well as the covenants in our existing loan agreements with the respective financial institutions. In addition, changes in applicable accounting standards may also affect the ability of our subsidiaries, and consequently, our ability to declare and pay dividends.

In addition to the factors above which may affect the ability of our subsidiaries to pay dividend to us, when recommending the actual dividends for approval by shareholders or when declaring any interim dividend, our Board will also consider, among others:

(i) the level of our cash, gearing, return on equity and retained profits;

(ii) our expected financial performance;

(iii) our working capital requirements;

(iv) our projected levels of expenditure and other investment plans;

(v) any restrictive covenants contained in our current and future financing arrangements; and

(vi) any material impact of tax laws and regulatory requirements.

There is no dividend restriction imposed on our Group as at the LPD.

It is the intention of our Board to recommend and distribute a dividend of at least 50.0% of our annual audited PAT attributable to owners of our Group. This will allow our shareholders to participate in our profits while leaving adequate reserves for our future growth.

For information purposes, the dividends declared and paid by our Group in respect of the Financial Years/Period Under Review are as follows:

	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FPE 2023 (RM'000)
Dividends declared	(2)318,000	(2)200,000	82,500	(2)69,793
Dividends paid	318,000	200,000	82,500	69,793
PAT attributable to owners of our Group	52,501	344,796	495,592	58,344
Dividend pay-out ratio(1)	605.7%	58.0%	16.6%	119.6%

Note:

(1) Computed as dividends declared divided by PAT attributable to our shareholders.

(2) Part of the dividend for the FYE 2020, FYE 2021 and FPE 2023 amounting to RM281.0 million, approximately RM82.7 million and approximately RM69.8 million respectively were declared to set-off the amount due from Kulim to our Group.

Subsequent to the FPE 2023 and up to the LPD, there is no dividend declared or paid by our Company or our subsidiaries to our respective shareholders. The dividends declared and paid for the Financial Years/Period Under Review and up to the LPD were funded via internally generated cash which were in excess of our Group's funding requirements for our business operations.

As at the LPD, we do not have any intention to declare any further dividends prior to our Listing.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including non-declaration) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical pay-outs. Please refer to Section 9.3.5 of this Prospectus for the risk factor which may affect our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12.7 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

KPMG

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Strictly private and confidential

The Board of Directors
Johor Plantations Group Berhad
(formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.)
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor, Malaysia

[ ] 2023

DRAFT FOR PURPOSE OF INCLUSION IN THE PROSPECTUS EXPOSURE

Dear Sirs,

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")

Report on the compilation of pro forma consolidated statements of financial position for inclusion in the Company's draft prospectus in connection with the initial public offering of up to 875,000,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Draft Prospectus") ("Proposed Listing")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Group as at 31 July 2023 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Infromation issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors for inclusion in the Draft Prospectus solely to illustrate the impact of the transactions as set out in the notes of Attachment A on the Group's consolidated statements of financial position as at 31 July 2023, as if the transactions had taken place as at 31 July 2023. As part of this process, information about the Group's consolidated financial position have been extracted by the Directors from the audited consolidated financial statements of the Group for the financial period ended 31 July 2023, on which an auditors' report dated 29 October 2023 have been issued.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

Our firm applies Malaysian Approved Standard on Quality Management 1, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.* This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Consolidated Statements of Financial Position have been prepared in connection with the Proposed Listing and should not be relied upon for any other purposes.

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

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

Attachment A

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Pro Forma Consolidated Statements of Financial Position as at 31 July 2023

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 July 2023 ("Pro Forma Consolidated Statements of Financial Position") as set out below have been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 July 2023, and should be read in conjunction with the said notes to the Pro Forma Consolidated Statements of Financial Position.

			Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV
	Note	As at 31 July 2023* RM'000	After adjustment for subsequent event RM'000	After Pro Forma I and Proposed Share Split RM'000	After Pro Forma II and the Proposed IPO RM'000	After Pro Forma III and the use of proceeds RM'000
Assets						
Property, plant and equipment		2,468,407	2,468,407	2,468,407	2,468,407	2,468,407
Right-of-use assets		1,693,238	1,693,238	1,693,238	1,693,238	1,693,238
Total non-current assets		4,161,645	4,161,645	4,161,645	4,161,645	4,161,645
Trade and other receivables		56,758	56,758	56,758	56,758	56,758
Biological assets		32,187	32,187	32,187	32,187	32,187
Inventories		40,274	40,274	40,274	40,274	40,274
Current tax assets		90,460	90,460	90,460	90,460	90,460
Other investments		25,580	25,580	25,580	25,580	25,580
Cash and cash equivalents	3(a)	92,031	81,979	81,979	[.]	[.]
Total current assets		337,290	327,238	327,238	[.]	[.]
Total assets		4,498,935	4,488,883	4,488,883	[.]	[.]

* *Extracted from the audited consolidated financial statements of the Group for the period ended 31 July 2023.*

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12. FINANCIAL INFORMATION (CONT'D)

Attachment A

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

	Note	As at 31 July 2023* RM'000	Pro Forma I After adjustment for subsequent event RM'000	Pro Forma II After Pro Forma I and Proposed Share Split RM'000	Pro Forma III After Pro Forma II and the Proposed IPO RM'000	Pro Forma IV After Pro Forma III and the use of proceeds RM'000
Equity						
Share capital	3(b)	1,329,363	1,502,000	1,502,000	[.]	[.]
Other reserves		(617,202)	(617,202)	(617,202)	(617,202)	(617,202)
Retained earnings	3(c)	1,249,285	1,249,285	1,249,285	[.]	[.]
Equity attributable to owners of the Group		1,961,446	2,134,083	2,134,083	[.]	[.]
Non-controlling interests		309	309	309	309	309
Total equity		1,961,755	2,134,392	2,134,392	[.]	[.]
Liabilities						
Trade and other payables	3(d)	180,375	-	-	-	-
Borrowings	3(e)	1,483,704	1,483,704	1,483,704	1,483,704	[.]
Lease liabilities		107,337	107,337	107,337	107,337	107,337
Employee benefits		9,763	9,763	9,763	9,763	9,763
Deferred tax liabilities		463,822	463,822	463,822	463,822	463,822
Total non-current liabilities		2,245,001	2,064,626	2,064,626	2,064,626	[.]
Trade and other payables	3(d)	93,625	91,311	91,311	[.]	91,311
Borrowings		196,472	196,472	196,472	196,472	196,472
Lease liabilities		1,780	1,780	1,780	1,780	1,780
Current tax liabilities		302	302	302	302	302
Total current liabilities		292,179	289,865	289,865	[.]	289,865
Total liabilities		2,537,180	2,354,491	2,354,491	[.]	[.]
Total equity and liabilities		4,498,935	4,488,883	4,488,883	[.]	[.]

** Extracted from the audited consolidated financial statements of the Group for the period ended 31 July 2023.*

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Attachment A

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Supplementary information

		Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV
	As at 31 July 2023*	After adjustment for subsequent events	After Pro Forma I and Proposed Share Split	After Pro Forma II and the Proposed IPO	After Pro Forma III and the use of proceeds
Number of ordinary shares ('000)	1,329,363	1,502,000	2,036,000	2,500,000	2,500,000
Net assets per share attributable to owners of the Group^ (RM)	1.48	1.42	1.05	[.]	[.]
Gearing ratio >	0.91	0.84	0.84	[.]	[.]
Net gearing ratio <	0.87	0.80	0.80	[.]	[.]

* *Extracted from audited consolidated financial statements of the Group for the period ended 31 July 2023.*
^ *Based on equity attributable to owners of the Group over the number of ordinary shares in the Company ("Shares").*
> *Computed based on the sum of total borrowings and total lease liabilities over the Group's total equity attributable to owners of the Group.*
< *Computed based on net borrowings (the sum of total borrowings and total lease liabilities less cash and cash equivalents) over the Group's total equity attributable to owners of the Group.*

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Attachment A

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position have been prepared for inclusion in the draft prospectus of the Company in connection with the proposed initial public offering of up to 875,000,000 ordinary shares in the Company ("Shares") ("Proposed IPO") and in conjunction with the proposed listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Consolidated Statements Financial Position are as described below. The Pro Forma Consolidated Statements Financial Position are prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements Financial Position have been prepared based on the audited consolidated financial statements of the Group for the period ended 31 July 2023, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and IFRS Accounting Standards, and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Consolidated Statements of Financial Position.

The auditors' report dated 29 October 2023 on the consolidated financial statements of the Group for the period ended 31 July 2023 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements Financial Position are not necessarily indicative of the financial position that would have been attained had the Proposed IPO actually occurred at the respective dates. The Pro Forma Consolidated Statements Financial Position have been prepared for illustrative purposes only.

2. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position illustrate the effects of the following events or transactions:

2.1 Pro Forma I – After adjustment for subsequent event

The adjustment for subsequent event is in relation to the capitalisation of non-trade payable amount of RM172.64 million owing to the immediate holding company which has been settled inter-alia through the capitalisation and credited against the share capital. The remaining non-trade payable amount owing to the immediate holding company of RM10.05 million has been settled via cash.

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Attachment A

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position (continued)

2.2 Pro Forma II – Proposed Share Split

The Proposed Share Split entails the proposed subdivision of the Company's existing 1,501,999,772 Shares to 2,036,000,000 Shares, in conjunction with the Proposed IPO.

2.3 Pro Forma III – Proposed IPO

The Proposed IPO entails the proposed initial public offering of up to 875,000,000 Shares which comprises the following:

(i) Proposed Public Issue

The Proposed Public Issue of 464,000,000 new Shares ("Issue Shares") at an indicative price of RM[.] per Issue Share raising total gross proceeds of approximately RM[.].

(ii) Proposed Offer for Sale

The Proposed Offer for Sale by Kulim (Malaysia) Berhad ("Selling Shareholder") of up to 411,000,000 existing Shares ("Offer Shares") at an indicative price of RM[.] per Offer Share raising total gross proceeds of up to approximately RM[.].

The Company will not receive any proceeds from the Proposed Offer for Sale. The gross proceeds of approximately RM[.] from the Proposed Offer for Sale will accrue entirely to the Selling Shareholder.

(iii) Estimated listing expenses

The estimated listing expenses comprises the following:

	RM'000
Professional fees	[.]
Fees payable to authorities	[.]
Brokerage fee, underwriting commission and placement fees	[.]
Miscellaneous expenses and contingencies	[.]
	[.]

The total estimated listing expenses to be borne by the Company is estimated to be RM[.]. As of 31 July 2023, RM[.] has been paid and recognised in the profit or loss of the Group. The balance of the estimated listing expenses of RM[.] has been accrued in trade and other payables of which RM[.] directly attributable to the Proposed Public Issue will be debited against the share capital of the Company, and the remaining estimated listing expenses of RM[.] will be charged out to the profit or loss of the Group.

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Attachment A

Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position (continued)

2.4 Pro Forma IV - Use of proceeds

The total gross proceeds from the Proposed Public Issue of approximately RM[.] are intended to be used as follows:

	RM'000
Capital expenditure (1)	[.]
Repayment of bank borrowings (2)	[.]
Working capital	[.]
Estimated listing expenses (3)	[.]
	[.]

Notes:

(1) *The Group has earmarked* RM[.] *of the total gross proceeds to be raised from the Proposed Public Issue, for its capital expenditure to construct an integrated palm oil complex as well as for its replanting activities as follows:*

Details	***RM'000***
Construction of an integrated sustainable palm oil complex	[.]
Replanting activities	[.]
Total	[.]

As at the latest practicable date of 10 November 2023 ("LPD"), the Group has yet to enter into any contractual binding agreements or issued any purchase orders in relation to the above capital expenditure. Accordingly, such use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Consolidated Statements of Financial Position.

(2) *The use of proceeds earmarked by the Group for the repayment of bank borrowings totalling RM[.] is in relation to the repayment of RM[.] for its Syndicated Term Financing-i facility obtained from CIMB Islamic Bank Berhad, RHB Islamic Bank Berhad and Bank Islam Malaysia Berhad to refinance the Group's existing borrowings and working capital requirements and RM[.] for its Term Financing-i facility obtained from CIMB Islamic Banker Berhad for the payment to its entitled shareholders pursuant to the privatisation of Kulim (Malaysia) Berhad.*

(3) *The estimated listing expenses comprise the following:*

	RM'000
Professional fees	[.]
Fees payable to authorities	[.]
Brokerage fee, underwriting commission and placement fees	[.]
Miscellaneous expenses and contingencies	[.]
	[.]

The total estimated listing expenses to be borne by the Company is estimated to be RM[.]. As of 31 July 2023, RM[.] has been paid and recognised in the profit or loss of the Group. The balance of the estimated listing expenses of RM[.] has been accrued in trade and other payables of which RM[.] directly attributable to the Proposed Public Issue will be debited against the share capital of the Company, and the remaining estimated listing expenses of RM[.] will be charged out to the profit or loss of the Group.

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Johor Plantations Group Berhad ("JPlant" or the "Company") (formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn. Bhd.) and its subsidiaries (collectively, the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Consolidated Statements of Financial Position

(a) Movements in cash and cash equivalents

	RM'000
Balance as at 31 July 2023	92,031
Effects of Pro Forma I:	
- After adjustment of subsequent event (settlement of non-trade payable amount owing to immediate holding company)	(10,052)
Pro Forma I and II	81,979
Effects of Pro Forma III:	
- Proceeds from the Proposed Public Issue	[.]
Pro Forma III	[.]
Effects of Pro Forma IV:	
- Estimated listing expenses	[.]
- Repayment of borrowings using proceeds from the Proposed Public Issue	[.]
Pro Forma IV	[.]

(b) Movement in share capital

	RM'000
Balance as at 31 July 2023	1,329,363
Effects of Pro Forma I:	
- After adjustment of subsequent event (capitalisation of non-trade payable amount owing to immediate holding company)	172,637
Pro Forma I and II	1,502,000
Effects of Pro Forma III:	
- Proposed Public Issue	[.]
- Estimated listing expenses directly attributable to the Proposed Public Issue	[.]
Pro Forma III and IV	[.]

(c) Movement in retained earnings

	RM'000
Balance as at 31 July 2023 / Pro Forma I and II	1,249,285
Effects of Pro Forma III:	
- Estimated listing expenses charged to profit or loss of the Group	[.]
Pro Forma III and IV	[.]

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Attachment A

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Pro Forma Consolidated Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Consolidated Statements of Financial Position (continued)

(d) Movement in trade and other payables

	Current RM'000	Non-Current RM'000	Total RM'000
Balance as at 31 July 2023	93,625	180,375	274,000
Effects of Pro Forma I:			
- After adjustment of subsequent event (settlement of non-trade payable amount owing to immediate holding company)	(2,314)	(180,375)	(182,689)
Pro Forma I and II	**91,311**	**-**	**91,311**
Effects of Pro Forma III:			
- Estimated listing expenses accrued	[.]	[.]	[.]
Pro Forma III	[.]	[.]	[.]
Effects of Pro Forma IV:			
- Reversal of accrued estimated listing expenses upon payment using proceeds from the Proposed Public Issue	[.]	[.]	[.]
Pro Forma IV	[.]	[.]	[.]

(e) Movement in borrowings – non-current

	RM'000
Balance as at 31 July 2023/ Pro Forma I, II and III	1,483,704
Effects of Pro Forma III:	
- Repayment of borrowings using proceeds from the Proposed Public Issue	[.]
Pro Forma IV	[.]

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