KULIM

Cultivating Excellence

Financial Report 2021

a JCORP Company

About Our Report

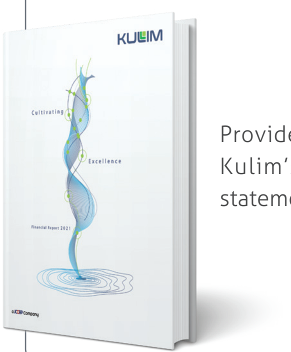
This Integrated Report covers the activities of Kulim (Malaysia) Berhad for the Financial Year Ended 31 December 2021 ("FY2021") up to 10 May 2022, being the last practicable date before the printing of this report.

It covers Kulim's Environmental, Social and Governance ("ESG") performance across all its operations. The Integrated Report aims to provide concise, relevant and reliable information to the stakeholders.

INTEGRATED REPORT 2021

Primary source of information on our Group's financial and non-financial performance across our operations in Malaysia and Indonesia.

FINANCIAL REPORT 2021



Provides a full account of Kulim's audited financial statements for FY2021.

Regulations and Guiding Principles:
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- International Integrated Reporting Framework ("IIRF")
- Malaysian Code on Corporate Governance 2021 ("MCCG 2021")
- United Nations' Sustainable Development Goals ("UN SDGs")
- Global Reporting Initiative ("GRI") Standards

SCOPE AND BOUNDARY OF REPORTING

Reporting Period

Our report is produced and published annually. It provides material information relating to our strategy and business model, operating landscape, material risks, stakeholder needs and concerns, performance, governance and prospects, covering FY2021 up to 10 May 2022.

Operating Businesses

The report includes the primary activities of the Group, our business clusters, key support areas and subsidiaries.

Financial and Non-Financial Reporting

The report extends beyond financial reporting and includes non-financial performance, including opportunities, risks and outcomes attributable to, or associated with our key stakeholders, which have a significant influence on our ability to create value.

REPORTING FRAMEWORKS

Kulim's Integrated Report, and the contents of this report are guided by the principles and requirements of the following:
- International Integrated Reporting Framework ("IIRF")
- Malaysian Code on Corporate Governance 2021 ("MCCG 2021")

Our **Financial Statements** for the FY2021 have been prepared in accordance with:
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Companies Act 2016

Our **Sustainability Statement** is guided by:
- Global Reporting Initiative ("GRI") Standards
- We have also incorporated the United Nations' Sustainable Development Goals ("UN SDGs") in our approach to sustainability

WHAT'S INSIDE

DIRECTORS' REPORT 02

STATEMENT BY DIRECTORS 06

STATUTORY DECLARATION 06

INDEPENDENT AUDITORS' REPORT 07

STATEMENTS OF COMPREHENSIVE INCOME 10

STATEMENTS OF FINANCIAL POSITION 12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 14

STATEMENTS OF CASH FLOWS 17

NOTES TO THE FINANCIAL STATEMENTS 20

COVER RATIONALE

In line with our aspiration to be a leading Agribusiness player by 2025, Kulim is ready for our next phase of growth. To achieve this goal, we have embarked on a transformation journey to cultivate excellence whilst we pursue our long-term objectives.

For our organisation to thrive, we have set up a transformation office and outlined a detailed transformation programme comprising six key components to change mindsets, realign our strategy, and streamline processes in order to strengthen our business and create operational excellence.

We will further cultivate excellence by embedding digitalisation across our operations for smoother work flow, divesting non-core businesses and assets, and increasing our revenue stream through new growth areas in agribusiness that offer potential for expansion and profitability. We are also elevating our ESG efforts to integrate sustainability into every aspect of our strategies and business operations.

A culture of excellence has been cultivated amongst our employees and guided by our transformation programme, we will continue working towards achieving our goals to deliver long-term returns and value.

We believe the measures we put in place will ensure we become a more sustainable and resilient organisation that will continue to excel in all areas of our business.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in oil palm plantation, investment holding and property investment in Malaysia whilst the principal activities of the subsidiaries are as stated in Note 16 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the financial year from continuing operations	289,404	310,828
Loss for the financial year from discontinued operations	(145,956)	–
Profit for the financial year	143,448	310,828
Profit/(loss) for the financial year attributable to:		
Equity holders of the Company	237,444	310,828
Non-controlling interests	(93,996)	–
	143,448	310,828

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the classification of the assets and liabilities of the subsidiaries presented as held for sale as disclosed in Note 24 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2020 were as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
First interim dividend of 2,625 sen per share on 4,000,000 ordinary shares, declared on 15 August 2021 and paid in tranches on 27 August 2021 and 2 December 2021	105,000
Second interim dividend of 250 sen per share on 4,000,000 ordinary shares, declared on 22 December 2021 and paid on 30 December 2021	10,000
	115,000

On 8 April 2022, the Board of Directors approved and declared a final dividend in respect of the financial year ended 31 December 2021, of 875 sen per share on 4,000,000 ordinary shares, amounting to a dividend payable of RM35,000,000. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

DIRECTORS

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

Tan Sri Dr. Ali bin Hamsa	Appointed on 1 March 2021
Dato' Sr. Hisham bin Jafrey	
Mohd Faris Adli bin Shukery	
Shamsul Anuar bin Abd Majid	
Mohd Nordin bin Jamaludin	
Kandasamy a/l Kanny	
Abdullah bin Abu Samah	Appointed on 1 January 2021
Fawzi bin Ahmad	Appointed on 1 January 2021
Mohd Fazillah bin Kamaruddin	Appointed on 20 June 2021
Nina Sapura binti Rahmat (Alternate director to Shamsul Anuar bin Abd Majid)	Appointed on 21 November 2021
Datuk Anuar bin Ahmad	Resigned on 1 March 2021

The name of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 8 by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of a Director in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	<-------------------- Number of ordinary shares -------------------->			
	1 January 2021	Acquired	Disposed	31 December 2021
In related companies				
E.A. Technique (M) Berhad				
Direct interest				
Nina Sapura binti Rahmat	2,000	–	–	2,000
KPJ Healthcare Berhad				
Direct interest				
Nina Sapura binti Rahmat	2,000	–	–	2,000

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

HOLDING CORPORATION

The Company's holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (As amended by the Enactment No. 5, 1995).

DIRECTORS' REMUNERATION

Details of Directors' remuneration as required by the Fifth schedule of the Companies Act 2016 are set out in Note 8 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the Directors and officers of the Group and of the Company are covered under the Directors' and Officers' Liability Insurance ("DOLI") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the Directors and officers of the Group and of the Company subject to the terms of the DOLI policy procured by Johor Corporation, its holding corporation, for its group of companies. The total amount of coverage effected for the Directors and officers was RM100,000,000 and the total insurance premium incurred by the Company was RM40,952.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END

Significant events during and subsequent to financial year end are disclosed in Note 36 to the financial statements.

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Statutory audit		
– Ernst and Young PLT	1,161	270
– Other auditors	198	–
	1,359	270

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2022.

Dato' Sr. Hisham bin Jafrey
Director

Mohd Faris Adli bin Shukery
Director

STATEMENT BY DIRECTORS

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

We, Dato' Sr. Hisham bin Jafrey and Mohd Faris Adli bin Shukery, being two of the Directors of Kulim (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2022.

Dato' Sr. Hisham bin Jafrey
Director

Mohd Faris Adli bin Shukery
Director

STATUTORY DECLARATION

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

I, Aziah binti Ahmad, MIA membership No.: 9915, being the officer primarily responsible for the financial management of Kulim (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 130 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed, Aziah binti Ahmad)
at Johor Bahru, Johor Darul Takzim)
in Malaysia on 8 April 2022.)

Aziah binti Ahmad

Before me,

PESURUHJAYA SUMPAH
J 356
HAMIZAN BINTI MOHD AMIN
01.01.2022 - 31.12.2024
MALAYSIA

L2-26 Aras 2,
Galleria @ Kotaraya (UTC)
Jalan Trus 80000 Johor Bahru

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KULIM (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Kulim (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 130.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KULIM (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

– Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 16 to the financial statements.

OTHER MATTERS

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

Ernst & Young PLT

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Jin Xiang
03348/01/2024J
Chartered Accountant

Johor Bahru, Malaysia
Date: 8 April 2022

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
CONTINUING OPERATIONS					
Revenue	4	**1,647,486**	1,108,939	**507,203**	599,888
Cost of sales		**(1,011,251)**	(797,509)	**(111,769)**	(108,401)
Gross profit		**636,235**	311,430	**395,434**	491,487
Other income		**48,465**	35,348	**34,130**	21,879
Administrative expenses		**(129,996)**	(147,804)	**(63,800)**	(70,743)
Other expenses		**(73,087)**	(224,447)	**(22,756)**	(692,856)
Profit/(loss) from operating activities		**481,617**	(25,473)	**343,008**	(250,233)
Interest income	5	**21,785**	24,800	**22,710**	26,125
Finance costs	6	**(69,181)**	(90,782)	**(40,009)**	(69,919)
Share of results of associates and joint venture, net of impairment		**(407)**	(224,995)	**–**	–
Profit/(loss) before tax and zakat from continuing operations	7	**433,814**	(316,450)	**325,709**	(294,027)
Tax	9	**(140,295)**	(75,448)	**(14,881)**	(3,283)
Zakat	10	**(4,115)**	(2,670)	**–**	–
Profit/(loss) for the financial year from continuing operations		**289,404**	(394,568)	**310,828**	(297,310)
DISCONTINUED OPERATIONS					
Loss for the financial year from discontinued operations	24	**(145,956)**	(66,745)	**–**	–
Profit/(loss) for the financial year		**143,448**	(461,313)	**310,828**	(297,310)

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

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
OTHER COMPREHENSIVE INCOME/(LOSS)				
Item which may be reclassified to profit or loss in subsequent periods				
Foreign currency translation of foreign operations	**2,207**	(5,241)	**–**	–
Items that will not be reclassified to profit or loss				
Fair value decline on investment properties previously transferred from property, plant and equipment	**(1,300)**	(2,668)	**–**	–
Net gain on financial assets at fair value through other comprehensive income	**8,195**	7,939	**3,469**	3,190
Other comprehensive income for the financial year, net of tax	**9,102**	30	**3,469**	3,190
Total comprehensive income/(loss) for the financial year	**152,550**	(461,283)	**314,297**	(294,120)
Profit/(loss) attributable to:				
Equity holders of the Company	**237,444**	(376,752)	**310,828**	(297,310)
Non-controlling interests	**(93,996)**	(84,561)	**–**	–
Profit/(loss) for the financial year	**143,448**	(461,313)	**310,828**	(297,310)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**247,722**	(377,419)	**314,297**	(294,120)
Non-controlling interests	**(95,172)**	(83,864)	**–**	–
Total comprehensive income/(loss) for the financial year	**152,550**	(461,283)	**314,297**	(294,120)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**2,579,735**	3,289,720	**975,747**	970,868
Right-of-use assets	12	**1,640,145**	1,734,061	**382,362**	385,216
Investment properties	13	**64,205**	64,280	**50,770**	49,480
Inventories	14	**14,510**	14,510	**14,510**	14,510
Intangible assets	15	**–**	1,764	**–**	–
Investments in subsidiaries	16	**–**	–	**492,883**	497,951
Investments accounted for using the equity method	17	**4,058**	4,465	**–**	–
Financial assets at fair value through other comprehensive income	18	**43,065**	41,245	**32,756**	31,299
Financial assets at fair value through profit or loss	19	**13,268**	15,046	**13,124**	14,883
Trade and other receivables	20	**63,953**	60,531	**–**	–
		4,422,939	5,225,622	**1,962,152**	1,964,207
Current assets					
Financial assets at fair value through other comprehensive income	18	**22,202**	15,827	**7,010**	4,998
Trade and other receivables	20	**489,366**	494,262	**425,011**	392,851
Inventories	21	**89,946**	95,167	**69,518**	76,315
Biological assets	22	**69,388**	44,537	**17,740**	13,077
Tax recoverable		**2,660**	2,431	**880**	826
Cash and bank balances	23	**142,164**	170,230	**110,414**	107,698
		815,726	822,454	**630,573**	595,765
Assets of disposal group classified as held for sale	24	**722,290**	90,404	**7,543**	–
		1,538,016	912,858	**638,116**	595,765
Total assets		**5,960,955**	6,138,480	**2,600,268**	2,559,972

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

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	25	**249,405**	568,188	**155,050**	191,169
Tax payable		**32,097**	17,852	**–**	–
Lease liabilities	26	**1,056**	8,224	**962**	699
Borrowings	27	**115,647**	321,330	**58,107**	99,955
Derivatives	28	**–**	3,790	**–**	2,884
		398,205	919,384	**214,119**	294,707
Liabilities of disposal group classified as held for sale	24	**441,810**	–	**–**	–
		840,015	919,384	**214,119**	294,707
Net current assets/(liabilities)		**698,001**	(6,526)	**423,997**	301,058
Non-current liabilities					
Lease liabilities	26	**639**	3,516	**639**	677
Borrowings	27	**1,762,984**	1,906,197	**965,042**	1,049,519
Retirement benefit obligations	29	**8,081**	8,517	**2,309**	2,322
Deferred tax liabilities	30	**586,715**	575,672	**194,146**	188,031
		2,358,419	2,493,902	**1,162,136**	1,240,549
Total liabilities		**3,198,434**	3,413,286	**1,376,255**	1,535,256
Net assets		**2,762,521**	2,725,194	**1,224,013**	1,024,716
Equity attributable to holders of the Company					
Share capital	31	**1,000**	1,000	**1,000**	1,000
Reserves	32	**(15,154)**	(28,675)	**10,511**	7,042
Retained earnings	33	**2,852,402**	2,729,958	**1,212,502**	1,016,674
		2,838,248	2,702,283	**1,224,013**	1,024,716
Reserves of disposal group classified as held for sale	24	**(3,260)**	–	**–**	–
		2,834,988	2,702,283	**1,224,013**	1,024,716
Non-controlling interests		**(72,467)**	22,911	**–**	–
Total equity		**2,762,521**	2,725,194	**1,224,013**	1,024,716
Total equity and liabilities		**5,960,955**	6,138,480	**2,600,268**	2,559,972

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	<---- Attributable to the equity holders of the Company ---->									
		Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Other reserves RM'000	Equity transaction reserve RM'000	Reserve classified as held for sale RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2021											
At 1 January 2021		1,000	(9,477)	(6,754)	(4,808)	(7,636)	–	2,729,958	2,702,283	22,911	2,725,194
Foreign exchange translation differences		–	3,383	–	–	–	–	–	3,383	(1,176)	2,207
Fair value decline on investment properties previously transferred from property, plant and equipment		–	–	–	(1,300)	–	–	–	(1,300)	–	(1,300)
Fair value adjustment for financial assets through other comprehensive income		–	–	8,195	–	–	–	–	8,195	–	8,195
Other comprehensive (loss)/income for the financial year		–	3,383	8,195	(1,300)	–	–	–	10,278	(1,176)	9,102
Profit/(loss) for the financial year		–	–	–	–	–	–	237,444	237,444	(93,996)	143,448
Total comprehensive income/(loss) for the financial year		–	3,383	8,195	(1,300)	–	–	237,444	247,722	(95,172)	152,550
Transactions with owners:											
Issuance of shares to non-controlling interests	16	–	–	–	–	–	–	–	–	675	675
Acquisition of additional interest in subsidiaries from non-controlling interests	16	–	–	–	–	(17)	–	–	(17)	(482)	(499)
Dividends paid to shareholders	42	–	–	–	–	–	–	(115,000)	(115,000)	–	(115,000)
Dividends paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	–	(399)	(399)
Reserve attributable to disposal group classified as held for sale		–	3,260	–	–	–	(3,260)	–	–	–	–
At 31 December 2021		1,000	(2,834)	1,441	(6,108)	(7,653)	(3,260)	2,852,402	2,834,988	(72,467)	2,762,521

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

Group	Note	<-- Attributable to the equity holders of the Company -->								
		Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Other reserves RM'000	Equity transaction reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2020										
At 1 January 2020		1,000	(3,539)	(14,693)	(2,140)	(6,023)	3,158,750	3,133,355	99,576	3,232,931
Foreign exchange translation differences		–	(5,938)	–	–	–	–	(5,938)	697	(5,241)
Fair value decline on investment properties previously transferred from property, plant and equipment		–	–	–	(2,668)	–	–	(2,668)	–	(2,668)
Fair value adjustment for financial assets through other comprehensive income		–	–	7,939	–	–	–	7,939	–	7,939
Other comprehensive (loss)/income for the financial year		–	(5,938)	7,939	(2,668)	–	–	(667)	697	30
Loss for the financial year		–	–	–	–	–	(376,752)	(376,752)	(84,561)	(461,313)
Total comprehensive (loss)/income for the financial year		–	(5,938)	7,939	(2,668)	–	(376,752)	(377,419)	(83,864)	(461,283)
Transactions with owners:										
Issuance of shares to non-controlling interests	16	–	–	–	–	(1,613)	–	(1,613)	7,783	6,170
Dividends paid to shareholders	42	–	–	–	–	–	(52,040)	(52,040)	–	(52,040)
Dividends paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	(584)	(584)
At 31 December 2020		1,000	(9,477)	(6,754)	(4,808)	(7,636)	2,729,958	2,702,283	22,911	2,725,194

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	<--------------- Attributable to the equity holders of the Company ---------------> Share capital RM'000	Fair value reserves RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000
2021						
At 1 January 2021		**1,000**	**(2,588)**	**9,630**	**1,016,674**	**1,024,716**
Fair value adjustment for financial assets through other comprehensive income		**–**	**3,469**	**–**	**–**	**3,469**
Profit for the financial year		**–**	**–**	**–**	**310,828**	**310,828**
Total comprehensive income for the financial year		**–**	**3,469**	**–**	**310,828**	**314,297**
Transactions with shareholders:						
Dividends paid	42	**–**	**–**	**–**	**(115,000)**	**(115,000)**
At 31 December 2021		**1,000**	**881**	**9,630**	**1,212,502**	**1,224,013**
2020						
At 1 January 2020		1,000	(5,778)	9,630	1,366,024	1,370,876
Fair value adjustment for financial assets through other comprehensive income		–	3,190	–	–	3,190
Loss for the financial year		–	–	–	(297,310)	(297,310)
Total comprehensive income/ (loss) for the financial year		–	3,190	–	(297,310)	(294,120)
Transactions with shareholders:						
Dividends paid	42	–	–	–	(52,040)	(52,040)
At 31 December 2020		1,000	(2,588)	9,630	1,016,674	1,024,716

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax and zakat from continuing operations	**433,814**	(316,450)	**325,709**	(294,027)
Loss before tax from discontinued operations	**(145,513)**	(79,825)	**–**	–
Adjustments for:				
Fair value changes on:				
– financial assets at fair value through profit or loss	**1,778**	8,237	**1,759**	7,333
– derivatives	**(1,490)**	320	**(1,070)**	240
– biological assets	**(10,970)**	(10,434)	**4,526**	332
– investment properties	**(1,225)**	2,610	**(1,290)**	2,900
Allowance for impairment losses on:				
– receivables	**2,801**	46,271	**1,011**	47,361
– investments in subsidiaries	**–**	–	**13,113**	651,452
– property, plant and equipment	**146,343**	202,056	**–**	–
– goodwill	**–**	2,694	**–**	–
– intangible assets	**–**	3,023	**–**	–
– right-of-use assets	**13,134**	3,279	**–**	–
– inventories	**214**	–	**–**	–
– assets classified as held for sale	**16,700**	–	**–**	–
Reversal of allowance for impairment losses on receivables	**(7,654)**	(2,832)	**(15,091)**	(30,134)
Amortisation and depreciation of:				
– intangible assets	**14**	24	**–**	–
– property, plant and equipment	**132,093**	196,391	**15,137**	19,791
– right-of-use assets	**39,343**	47,915	**3,946**	3,765
Dividend income	**(2,157)**	(4,229)	**(288,755)**	(439,698)
Loss/(gain) on disposal of:				
– property, plant and equipment	**(8)**	6,946	**–**	(26)
– financial assets at fair value through profit or loss	**–**	13	**–**	13
– assets classified as held for sale	**12,215**	–	**–**	–
Gain on lease modification	**(982)**	–	**–**	–
Loss/(gain) on lease derecognition	**56**	(4,468)	**–**	–
Share of results of associate and joint venture, net of impairment	**407**	224,995	**–**	–
Gain on redemption of redeemable convertible preference shares issued by a subsidiary	**–**	–	**–**	(12,740)
Interest expenses	**79,614**	106,690	**40,009**	69,919
Interest income	**(21,912)**	(25,098)	**(22,710)**	(26,125)
Unrealised foreign exchange loss/(gain), net	**4,135**	(1,874)	**(6,741)**	7,913
Write off of:				
– property, plant and equipment	**10,615**	1,403	**6**	6
– right-of-use assets	**–**	–	**–**	1,027
– intangible assets	**108**	–	**–**	–
Retirement benefit obligations	**500**	4,191	**64**	208
Operating profit before changes in working capital	**701,973**	411,848	**69,623**	9,510

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Changes in working capital:				
– biological assets	**(14,203)**	(3,198)	**(9,189)**	(3,390)
– inventories	**4,467**	1,449	**6,797**	2,572
– payables – third parties	**(113,991)**	144,402	**(10,268)**	34,741
– contract liabilities	**–**	(15,610)	**–**	–
– payables – holding corporation	**(966)**	3,808	**260**	2,899
– payables – related companies	**(1,877)**	4,124	**(1,689)**	4,354
– receivables – third parties	**(30,204)**	46,718	**9,086**	39,641
– receivables – holding corporation	**2,045**	51,982	**(2,313)**	48,063
– receivables – related companies	**1,549**	2,069	**3,849**	(2,247)
– receivables – subsidiaries	**–**	–	**35,451**	25,305
Cash generated from operations	**548,793**	647,592	**101,607**	161,448
Tax paid	**(115,722)**	(46,066)	**(8,820)**	(380)
Tax refunded	**796**	9,952	**–**	3,800
Zakat paid	**(4,115)**	(2,670)	**–**	–
Retirement benefits obligations paid	**(1,261)**	(450)	**(165)**	(142)
Net cash flows generated from operating activities	**428,491**	608,358	**92,622**	164,726
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	**2,157**	4,229	**194,046**	58,806
Interest received	**2,453**	4,832	**3,406**	6,025
Additions:				
– property, plant and equipment	**(150,789)**	(212,403)	**(20,022)**	(20,143)
– investments accounted for using the equity method	**–**	(3,296)	**–**	–
– intangible assets	**–**	(7)	**–**	–
– right-of-use assets	**–**	(19,220)	**–**	–
– equity interest in subsidiaries	**–**	–	**(15,946)**	(550)
Additions to deposits placed with licensed banks exceeding 90 days	**(802)**	(870)	**–**	–
Proceeds from:				
– disposal of property, plant and equipment	**51**	14,408	**–**	35
– disposal of financial assets at fair value through profit or loss	**–**	72	**–**	72
– disposal of assets classified as held for sale	**24,082**	–	**–**	–
Prepayment for lease arrangement with holding corporation	**–**	(60,531)	**–**	–
Acquisition of additional interest in subsidiaries from non-controlling interests	**(499)**	–	**–**	–
Advances to subsidiaries	**–**	–	**(36,072)**	(51,968)
Net cash flows (used in)/generated from investing activities	**(123,347)**	(272,786)	**125,412**	(7,723)

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

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to:				
– owners of the Company	**(115,000)**	(52,040)	**(115,000)**	(52,040)
– non-controlling interests of subsidiaries	**–**	(584)	**–**	–
Issuance of shares to non-controlling interests	**675**	6,170	**–**	–
Proceeds from borrowings, net of transaction fees	**208,653**	329,560	**67,652**	281,641
Withdrawal of/(additions to) pledged fixed deposits	**3,013**	479	**(335)**	(1,126)
Settlement of derivatives	**(2,300)**	–	**(1,814)**	–
Repayment of borrowings	**(322,329)**	(483,813)	**(193,977)**	(325,935)
Repayment of lease liabilities	**(9,542)**	(32,406)	**(942)**	(849)
Repayment of advances from subsidiaries	**–**	–	**–**	(65,593)
Interest paid:				
– continuing operations	**(68,741)**	(90,208)	**(38,437)**	(51,911)
– discontinued operations	**(9,448)**	(12,756)	**–**	–
Advances from subsidiaries	**–**	–	**67,200**	61,200
Net cash flows used in financing activities	**(315,019)**	(335,598)	**(215,653)**	(154,613)
Net change in cash and cash equivalents	**(9,875)**	(26)	**2,381**	2,390
Cash and cash equivalents at 1 January	**125,570**	125,596	**92,498**	90,108
Cash and cash equivalents at 31 December (Note 23)	**115,695**	125,570	**94,879**	92,498

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

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2021

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Ulu Tiram Estate
81800 Ulu Tiram, Johor

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

The Company's holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4 of 1968 (As amended by the Enactment No. 5 of 1995).

The principal activities of the Company consist of oil palm plantation, investment holding and property investment in Malaysia. The principal activities of the subsidiaries are described in Note 16. There have been no significant changes in the nature of the principal activities during the financial year, other than as disclosed in Note 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Certain reclassifications have been made to the comparative consolidated statement of comprehensive income so that the disclosures relate to all operations that have been discontinued by the reporting date for the latest period presented.

The preparation of financial statements in conformity with the MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates. It also requires management to exercise judgement in the process of applying the Group's and the Company's accounting policies, the areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the preceding year except as follows:

On 1 January 2021, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2021.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 4: Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16: Leases – Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

The adoption of the above Amendments did not have any significant impact on the financial statements.

2.3 Standards, Amendments and Annual Improvements issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	
- Classification of Liabilities as Current or Non-current	1 January 2023
- Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17: Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors are of opinion that the Standards, Amendments and Annual Improvements above would not have any material impact on the financial statements in the year of initial adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

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

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

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

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

Losses and each component of other comprehensive loss within a subsidiary are attributed to owners of the Company and non-controlling interests, even if that results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owner of the Group.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10.

2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated as it has an infinite life and other property, plant and equipment are depreciated on the straight line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Bearer assets (oil palm)	22 years from year of maturity
Buildings	5 – 50 years
Vessels, plant and machinery	3 – 25 years
Furniture and equipment	2 – 15 years
Motor vehicles	3 – 5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use. All expenditure relating to the development of oil palm fields (immature field) is classified under immature fields. This cost will be amortised over its useful life when the field reaches maturity. The maturity date for bearer plants is the point in time such new planting areas reach 36 months from the date of initial planting.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for at fair value at the date of change in use, and the difference is recorded in other comprehensive income.

2.9 Biological assets

Biological assets comprises fresh fruit bunches growing on bearer plants, pineapples, sheep and cattle livestock. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets as the fresh fruit bunches and pineapples are expected to be harvested and livestock are expected to be sold or used for production on a date not more than 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

2.11 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

2.12 Investments in subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Investments in subsidiaries (cont'd)

See accounting policy on impairment of non-financial assets as set out in Note 2.11.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

2.13 Investments in associates and joint venture

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and a joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and a joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments

Financial assets – classification and measurement

(i) Classification

The Group and the Company classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
– those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss and impairment losses arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

Financial assets – classification and measurement (cont'd)

(iii) Measurement (cont'd)

Debt instruments (cont'd)

(b) Fair value through Other Comprehensive Income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and changes in the fair value of financial assets at FVOCI are recognised in other gains/(losses) in the statements of comprehensive income as applicable.

(c) Fair Value through Profit or Loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other income/(expenses) in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income/(expenses) in the statements of comprehensive income.

Impairment of financial assets and financial guarantee contracts

(i) Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have various types of financial instruments that are subject to the ECL model:

- Trade and other receivables
- Loans to subsidiaries
- Contract assets
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

Financial assets – classification and measurement (cont'd)

Impairment of financial assets and financial guarantee contracts (cont'd)

(i) Impairment for debt instruments and financial guarantee contracts (cont'd)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

– an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
– the time value of money; and
– reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts issued

At each reporting date, the Group and the Company measure ECL through a loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 20 sets out the measurement details of ECL.

(b) Simplified approach for trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Note 20 sets out the measurement details of ECL.

(ii) Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

– internal credit rating
– external credit rating (as far as available)
– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
– actual or expected significant changes in the operating results of the debtor
– significant increases in credit risk on other financial instruments of the same debtor
– significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
– significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

Financial assets – classification and measurement (cont'd)

Impairment of financial assets and financial guarantee contracts (cont'd)

(ii) Significant increase in credit risk (cont'd)

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(iii) Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:
– the debtor is in breach of financial covenants
– concessions have been made by the lender relating to the debtor's financial difficulty
– it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
– the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

(iv) Groupings of instruments for ECL measured on collective basis

(a) Collective assessment

To measure ECL, trade receivables and contract assets arising from palm oil, intrapreneur venture, oil and gas support services and others have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(b) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Loans to holding corporation and subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to holding corporation and subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

Financial assets – classification and measurement (cont'd)

Impairment of financial assets and financial guarantee contracts (cont'd)

(v) Write off

(a) Trade receivables and contract assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other receivables and financial guarantee contracts

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

(c) Loans to holding corporation and subsidiaries

The Group and the Company will write off loans to holding corporation and subsidiaries, in whole or in part, when they have exhausted all practical recovery efforts and have concluded there is no reasonable expectation of recovery based an unavailability of holding's and subsidiaries' source of income or assets to generate sufficient future cash flows to repair the amount. The Group and the Company may write off financial assets that are still subject to enforcement activity.

Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities comprise trade and other payables, borrowings, amounts due to subsidiaries, holding corporation and related companies, and derivatives.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs. As for loans to subsidiaries of the Company, they are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method except for the derivatives in a loss position which are measured at fair value through profit or loss at the end of each reporting period.

For financial liabilities other than the derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

Financial liabilities (cont'd)

Gains or losses arising from changes in fair value of the derivatives that does not qualify for hedge accounting are recognised in profit or loss within other gains/losses, net. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the statements of financial position date.

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

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the financial period of the facility to which it relates.

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

When borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued and the liability is initially measured at fair value.

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

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. Other receivables are recognised initially at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less loss allowance.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2.16 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(a) Land held for development (non-current)

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(b) Other inventories (current)

Cost of raw materials, agricultural produce and consumables is determined using the first-in, first-out method or weighted average method. The cost of raw materials comprises cost of purchase and other direct costs. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. It excludes borrowing costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.18 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grants that compensate the Group for expenses incurred are recognised in profit and loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2.19 Receivables, contract assets and contract liabilities

A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract asset is the right to consideration for goods or services transferred to the customers.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company has received the consideration or has billed the customer. Contract liability includes downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.20 Borrowings and borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the financial period in which the related service is performed.

(c) Defined benefit plans

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases

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

As lessee

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

(i) Right-of-use assets

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

Leasehold land	33 – 904 years
Building	2 – 7 years
Plant and machinery	9 – 24 years
Office equipment	2 – 6 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's and the Company's lease liabilities are included in interest-bearing loans and borrowings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases (cont'd)

As lessee (cont'd)

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

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of plant and machinery and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Low value assets are those assets valued at less than RM10,000 each when purchased new.

As lessor

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

2.23 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition

The Group's and the Company's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group's revenue from contracts with customers is generated from the following business segments:

(a) Palm oil
(b) Integrated farming
(c) Oil and gas support services
(d) Intrapreneur ventures
(e) Completed properties

Performance obligations from the business sectors above are as follows:

(a) Palm oil and integrated farming

In the plantation operations, the Group and the Company sell agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), and palm kernel ("PK").

In the integrated farming, the Group and the Company sell agricultural produce such as cattle and pineapple.

Revenue from sales of agriculture produce and goods from these operations is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customers, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group and the Company have objective evidence that all criteria for acceptance have been satisfied.

Some contracts include multiple or bundled deliverables, such as the delivery of the goods that are often bundled with freight services. In most cases, such delivery of goods is simple, does not include an integrated service, could be performed by another party and the customers can benefit from the sale of goods and freight services on its own or with the use of other resources. It is therefore accounted for as a separate performance obligation. There is no element of financing present as the sales is made with credit terms of up to 90 days. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include delivery of goods, revenue for the goods are recognised at a point in time when the goods are delivered, the legal title has passed and the customers have accepted the goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition (cont'd)

Performance obligations from the business sectors above are as follows: (cont'd)

(b) Oil and gas support services

Income from service rendered is recognised net of service taxes and discounts as and when the services are performed.

(c) Intrapreneur ventures

In the intrapreneur ventures operations, revenue from retail selling of agriculture, fertilisers, mechanical buffalo and computer hardware are recognised at a point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customers, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some contracts include multiple or bundled deliverables, such as the delivery of the goods that are often bundled with freight services. In most cases, such delivery of goods is simple, does not include an integrated service, could be performed by another party and the customers can benefit from the sale of goods and freight services on its own or with the use of other resources. It is therefore accounted for as a separate performance obligation. There is no element of financing present as the sales is made with credit terms of up to 90 days. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include delivery of goods, revenue for the goods are recognised at a point in time when the goods are delivered, the legal title has passed and the customers have accepted the goods.

(d) Completed properties

The Group and the Company recognise sales at a point in time for the sale of completed properties when the control of the properties have been transferred to the purchasers, being when the properties have been delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the assets sold.

Revenue from other sources

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

(i) Vessel charter hire income

Most vessel charter hire income is recognised on straight-line basis over the lease term determined at the inception of the lease.

Certain charter hire income is recognised when services are rendered and are computed at the contracted daily rate.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue recognition (cont'd)

Revenue from other sources (cont'd)

Specific revenue recognition criteria for other revenue and income earned by the Group and Company are as follows (cont'd):

(ii) Dividend income

Dividends are received from financial assets measured at FVTPL and at FVOCI.

Dividend income from financial assets at FVTPL is recognised as part of net gains or net losses on these financial instruments. Dividend income from financial assets at FVOCI are recognised in profit or loss when the right to receive payment is established.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Interest income

Interest income is recognised using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.25 Contract cost

The Group and the Company have elected the practical expedient to recognise contract cost incurred related to contracts with period of less than one year as an expense when incurred.

Incremental cost to obtain contract

The Group or the Company recognise incremental costs of obtaining contracts when the Group or the Company expect to recover these costs.

Costs to fulfil a contract

The Group or the Company recognise a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.27 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment.

The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

2.28 Share capital and share issuance expenses

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

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

2.29 Current and non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective decision makers for the performance of the respective segments under their charge. The decision maker of the Group is the Group Management Committee who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.32 Fair value measurement

The Group and the Company measure certain of their financial instruments and non-financial assets at fair value at each reporting date.

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

(a) In the principal market for the asset or liability; or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of cost of investment

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss and any reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year.

Further details of the use of estimates and the key assumptions applied in the impairment assessment of cost of investment in subsidiaries, joint venture and associates are disclosed in Notes 16 and 17.

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

The Group and the Company have estimated the recoverable amount of certain property, plant and equipment and right-of-use assets. The recoverable amount is the higher of an asset's fair value less costs of disposal and present value of the estimated future cash flows expected to be derived from the property, plant and equipment and right-of-use assets including the proceeds from its disposal.

Further details of the use of estimates and the key assumptions applied in the impairment assessment of property, plant and equipment and right-of-use assets are disclosed in Notes 11 and 12.

(c) Fair value of investment properties

The fair values of the investment properties of the Group and the Company were based on valuations carried out by independent professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values. The valuation forms the basis for the carrying amount in the financial statements disclosed in Note 13.

(d) Taxes

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

Income taxes and transfer pricing

Income taxes are estimated based on the provisions of the Income Tax Act, 1967 and Transfer Pricing Guidelines. Significant judgement is required in determining the provision for income taxes and tax penalty exposure as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due, or any tax penalty will crystallise. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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

3.1 Key sources of estimation uncertainty (cont'd)

(e) Measurement of ECL allowance

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 20.

4. REVENUE

Revenue comprises the following:

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
Plantation:				
– Fresh fruit bunches	**21,323**	13,674	**199,422**	131,095
– Crude palm oil	**1,308,543**	872,193	**–**	–
– Palm kernel	**219,092**	129,552	**–**	–
	1,548,958	1,015,419	**199,422**	131,095
Integrated farming	**6,849**	12,215	**4,779**	9,799
Oil and gas support services	**41,387**	30,954	**–**	–
Intrapreneur ventures	**32,184**	26,464	**–**	–
Completed properties	**12,733**	17,925	**12,733**	17,925
Others	**1,385**	209	**58**	208
	1,643,496	1,103,186	**216,992**	159,027
Revenue from other sources				
Dividend income	**2,157**	4,229	**288,755**	439,698
Rental of investment properties	**1,833**	1,524	**1,456**	1,163
	1,647,486	1,108,939	**507,203**	599,888

4. REVENUE (CONT'D)

Disaggregation of the Group's and the Company's revenue from contracts with customers:

Group	Palm oil RM'000	Integrated farming RM'000	Oil and gas support services RM'000	Intrapreneur RM'000	Properties RM'000	Others RM'000	Total RM'000
2021							
Major goods and services:							
Goods sold	**1,548,958**	**6,849**	**–**	**32,184**	**12,733**	**1,385**	**1,602,109**
Oil and gas support services	**–**	**–**	**41,387**	**–**	**–**	**–**	**41,387**
	1,548,958	**6,849**	**41,387**	**32,184**	**12,733**	**1,385**	**1,643,496**
Geographical market:							
Malaysia	**1,531,580**	**6,849**	**41,387**	**32,184**	**12,733**	**1,385**	**1,626,118**
Indonesia	**17,378**	**–**	**–**	**–**	**–**	**–**	**17,378**
	1,548,958	**6,849**	**41,387**	**32,184**	**12,733**	**1,385**	**1,643,496**
Timing of revenue recognition:							
At a point in time	**1,548,958**	**6,849**	**41,387**	**32,184**	**12,733**	**1,385**	**1,643,496**
2020 (Restated)							
Major goods and services:							
Goods sold	1,015,419	12,215	–	26,464	17,925	–	1,072,023
Oil and gas support services	–	–	30,954	–	–	–	30,954
Others	–	–	–	–	–	209	209
	1,015,419	12,215	30,954	26,464	17,925	209	1,103,186
Geographical market:							
Malaysia	1,008,423	12,215	30,954	26,464	17,925	209	1,096,190
Indonesia	6,996	–	–	–	–	–	6,996
	1,015,419	12,215	30,954	26,464	17,925	209	1,103,186
Timing of revenue recognition:							
At a point in time	1,015,419	12,215	30,954	26,464	17,925	209	1,103,186

4. REVENUE (CONT'D)

Disaggregation of the Group's and the Company's revenue from contracts with customers: (cont'd)

Company	Palm oil RM'000	Others RM'000	Total RM'000
2021			
Major goods and services:			
Goods sold	**199,422**	**17,570**	**216,992**
Geographical market:			
Malaysia	**199,422**	**17,570**	**216,992**
Timing of revenue recognition:			
At a point in time	**199,422**	**17,570**	**216,992**
2020			
Major goods and services:			
Goods sold	131,095	27,932	159,027
Geographical market:			
Malaysia	131,095	27,932	159,027
Timing of revenue recognition:			
At a point in time	131,095	27,932	159,027

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied as at the reporting date, are as follows:

	Group	
	2021 RM'000	2020 RM'000
Palm oil	**28,647**	29,751

Company

There are no unfulfilled performance obligations as at 31 December 2021 and 31 December 2020.

5. INTEREST INCOME

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Deposits with licensed banks	**2,326**	4,534	**447**	2,119
Amount due from holding corporation	**19,390**	20,196	**19,304**	20,100
Amounts due from related companies	**69**	70	**–**	–
Amounts due from subsidiaries	**–**	–	**2,959**	3,906
	21,785	24,800	**22,710**	26,125

6. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Interest expense on:				
Term loans	**65,675**	83,316	**36,657**	47,608
Revolving credits	**1,953**	5,632	**1,780**	4,303
Bank overdraft	**171**	189	**–**	–
Hire purchase	**371**	345	**–**	–
Banker's acceptance	**571**	726	**–**	–
	68,741	90,208	**38,437**	51,911
Lease liabilities	**115**	276	**75**	83
Amounts due to subsidiaries	**–**	–	**1,409**	17,843
Retirement benefits obligations	**325**	298	**88**	82
	69,181	90,782	**40,009**	69,919

7. PROFIT BEFORE TAX

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

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Cost of sales from continuing operations:				
– Plantation	**932,356**	729,024	**93,402**	82,725
– Integrated farming	**12,455**	15,113	**8,401**	10,974
– Oil and gas support services	**31,404**	22,246	**–**	–
– Intrapreneur ventures	**24,561**	16,786	**–**	–
– Properties	**9,747**	13,490	**9,745**	13,940
– Others	**728**	850	**221**	762
	1,011,251	797,509	**111,769**	108,401
Cost of sales from discontinued operations	**134,093**	258,342	**–**	–
Allowance for impairment losses on:				
– Receivables (Note 20)				
– continuing operations	**2,801**	45,543	**1,011**	47,361
– discontinued operations	**–**	728	**–**	–
	2,801	46,271	**1,011**	47,361
– Investments in subsidiaries	**–**	–	**13,113**	651,452
– Property, plant and equipment				
– continuing operations	**37,420**	112,700	**–**	–
– discontinued operations	**108,923**	89,356	**–**	–
	146,343	202,056	**–**	–
– Right-of-use assets	**13,134**	3,279	**–**	–
– Goodwill	**–**	2,694	**–**	–
– Intangible assets	**–**	3,023	**–**	–
– Inventories	**214**	–	**–**	–
Reversal of allowance for impairment losses on receivables (Note 20)	**(7,654)**	(2,832)	**(15,091)**	(30,134)
Unrealised foreign exchange (gain)/loss				
– continuing operations	**(416)**	(820)	**(6,741)**	7,913
– discontinued operations	**4,551**	(1,054)	**–**	–
	4,135	(1,874)	**(6,741)**	7,913
Auditors' remuneration				
– Ernst & Young PLT				
– statutory audit				
– continuing operations	**853**	782	**270**	237
– discontinued operations	**308**	308	**–**	–
	1,161	1,090	**270**	237
– other services				
– discontinued operations	**88**	23	**–**	–
– Other auditors	**198**	209	**–**	–

7. PROFIT BEFORE TAX (CONT'D)

The following items have been included in arriving at profit before tax from continuing operations and discontinued operations: (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Amortisation and depreciation of:				
– Intangible assets (Note 15)	**14**	24	**–**	–
– Property, plant and equipment (Note 11)				
– continuing operations	**88,614**	97,772	**15,137**	19,791
– discontinued operations	**43,479**	98,619	**–**	–
	132,093	196,391	**15,137**	19,791
– Right-of-use assets (Note 12)				
– continuing operations	**32,497**	9,508	**3,946**	3,765
– discontinued operations	**6,846**	38,407	**–**	–
	39,343	47,915	**3,946**	3,765
(Gain)/loss on disposal of:				
– Property, plant and equipment				
– continuing operations	**(16)**	(160)	**–**	(26)
– discontinued operations	**8**	7,106	**–**	–
	(8)	6,946	**–**	(26)
– Financial assets at fair value through profit or loss	**–**	13	**–**	13
Share of results of associates and joint venture, net of impairments	**407**	224,995	**–**	–
Write off of:				
– Property, plant and equipment	**10,615**	1,403	**6**	6
– Right-of-use assets	**–**	–	**–**	1,027
– Intangible assets	**108**	–	**–**	–
Gain on redemption of redeemable convertible preference shares issued by a subsidiary	**–**	–	**–**	(12,740)
Short term payments and payments for leases of low-value assets				
– continuing operations	**679**	389	**679**	160
– discontinued operations	**4,587**	10,414	**–**	–
	5,266	10,803	**679**	160

7. PROFIT BEFORE TAX (CONT'D)

The following items have been included in arriving at profit before tax from continuing operations and discontinued operations: (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Employee benefits (Including Executive Director remuneration):				
– Salaries, wages, allowances and bonuses				
– continuing operations	**209,754**	208,429	**53,451**	57,935
– discontinued operations	**32,528**	39,577	**–**	–
	242,282	248,006	**53,451**	57,935
– Defined contribution plan				
– continuing operations	**18,856**	15,372	**6,024**	5,264
– discontinued operations	**3,512**	3,952	**–**	–
	22,368	19,324	**6,024**	5,264
– Retirement benefit obligations	**500**	4,191	**64**	208
– Other employee benefits	**8,986**	13,544	**4,603**	5,684
Total employee benefits	**274,136**	285,065	**64,142**	69,091
Fair value changes on:				
– Financial assets at fair value through profit and loss	**1,778**	8,237	**1,759**	7,333
– Derivatives	**(1,490)**	320	**(1,070)**	240
– Biological assets (Note 22)	**(10,970)**	(10,434)	**4,526**	332
– Investment properties (Note 13)	**(1,225)**	2,610	**(1,290)**	2,900
Insurance recoveries				
– continuing operations	**(42)**	–	**–**	–
– discontinued operations	**(6,252)**	(3,453)	**–**	–
	(6,294)	(3,453)	**–**	–
Gain on lease modification	**(982)**	–	**–**	–
Loss/(gain) on lease derecognition	**56**	(4,468)	**–**	–
Interest income				
– continuing operations (Note 5)	**(21,785)**	(24,800)	**(22,710)**	(26,125)
– discontinued operations	**(127)**	(298)	**–**	–
	(21,912)	(25,098)	**(22,710)**	(26,125)
Interest expense				
– continuing operations (Note 6)	**69,181**	90,782	**40,009**	69,919
– discontinued operations	**10,433**	15,908	**–**	–
	79,614	106,690	**40,009**	69,919
Rental yield guarantee	**–**	890	**–**	890
Provision for litigation (Note 25)	**18,931**	38,843	**–**	–

8. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise of Directors and top management of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The compensations of key management personnel are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Managing Director:				
– Salaries, allowances and bonuses	**666**	151	**666**	151
– Estimated money value of benefits-in-kind	**64**	5	**64**	5
– Defined contribution plan	**86**	20	**86**	20
	816	176	**816**	176
Independent Executive Director:				
– Fees	**–**	1	**–**	–
– Salaries, allowances and bonuses	**–**	363	**–**	363
– Estimated money value of benefits-in-kind	**–**	18	**–**	18
– Defined contribution plan	**–**	79	**–**	79
– Other emoluments	**–**	208	**–**	208
	–	669	**–**	668
Non-Independent Executive Director:				
– Salaries, allowances and bonuses	**–**	105	**–**	105
– Defined contribution plan	**–**	25	**–**	25
	–	130	**–**	130
Non-Independent Non-executive Directors:				
– Fees	**149**	10	**149**	9
– Salaries, allowances and bonuses	**72**	–	**72**	–
	221	10	**221**	9
Independent Non-executive Directors:				
– Salaries, allowances and bonuses	**246**	49	**246**	49
– Fees	**80**	8	**80**	8
	326	57	**326**	57
Other key management personnel:				
– Fees	**–**	76	**–**	76
– Salaries, allowances and bonuses	**3,843**	3,656	**3,843**	3,656
– Defined contribution plan	**454**	518	**454**	518
– Other emoluments	**174**	1,200	**174**	1,200
	4,471	5,450	**4,471**	5,450
	5,834	6,492	**5,834**	6,490

9. TAX

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Current income tax for the financial year:				
– Malaysia				
– Continuing operations				
Current income tax	**133,296**	67,322	**7,270**	900
(Over)/underprovision in prior financial years	**(4,372)**	(4,571)	**1,496**	(238)
– Discontinued operations				
Current income tax	**396**	296	**–**	–
Underprovision in prior financial years	**3**	7	**–**	–
	129,323	63,054	**8,766**	662
Deferred tax (Note 30):				
– Malaysia				
– Continuing operations				
Relating to origination and reversal of temporary differences	**13,685**	8,831	**7,168**	875
(Over)/underprovision in prior financial years	**(2,314)**	2,668	**(1,053)**	1,746
– Discontinued operations				
Relating to origination and reversal of temporary differences	**46**	(10,752)	**–**	–
Overprovision in prior financial years	**(2)**	(2,631)	**–**	–
– Indonesia				
– Continuing operations				
Relating to origination and reversal of temporary differences	**–**	1,198	**–**	–
	11,415	(686)	**6,115**	2,621
Total tax from:				
– continuing operations	**140,295**	75,448	**14,881**	3,283
– discontinued operations	**443**	(13,080)	**–**	–
	140,738	62,368	**14,881**	3,283

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit/(loss) for the year.

9. TAX (CONT'D)

Reconciliation of income tax expense applicable to profit/(loss) before tax and zakat at the Malaysian statutory income tax rate to income tax expense of the Group and the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Profit/(loss) before tax and zakat from continuing operations	**433,814**	(316,450)	**325,709**	(294,027)
Loss before tax from discontinued operations	**(145,513)**	(79,825)	**–**	–
Profit/(loss) before tax and zakat	**288,301**	(396,275)	**325,709**	(294,027)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	**69,192**	(95,106)	**78,170**	(70,566)
Tax recognised at different tax rate	**(682)**	(4,072)	**–**	–
Effect of non-deductible expenses	**80,750**	128,358	**8,217**	183,497
Effect of income exempt from tax	**(1,438)**	(22,977)	**(72,130)**	(111,562)
Deferred tax on fair value changes of investment properties	**372**	213	**181**	406
Share of results of associates and joint venture, net of impairments	**98**	53,999	**–**	–
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	**2,515**	6,562	**–**	–
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowances	**(3,384)**	(82)	**–**	–
(Over)/underprovision of tax in prior financial years:				
Income tax	**(4,369)**	(4,564)	**1,496**	(238)
Deferred tax	**(2,316)**	37	**(1,053)**	1,746
Total tax	**140,738**	62,368	**14,881**	3,283

10. ZAKAT

	Group	
	2021 RM'000	2020 RM'000
Expensed and paid in the financial year	**4,115**	2,670

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Other assets RM'000	Capital work in progress RM'000	Total RM'000
Cost							
At 1 January 2021	1,739,585	1,125,836	126,578	290,426	1,398,458	151,551	4,832,434
Additions	–	1,524	27,553	12,629	48,825	60,258	150,789
Disposal	–	(5,004)	–	(49)	(3,869)	–	(8,922)
Write off	–	–	–	(31)	(2,711)	(963)	(3,705)
Reclassification	–	79,765	(79,765)	14,410	27,843	(42,253)	–
Adjustment	–	–	–	3,471	192	–	3,663
Transfer to assets of disposal group classified as held for sale (Note 24)	–	(197,990)	–	(90,947)	(996,546)	(134,565)	(1,420,048)
Exchange differences	–	3,913	–	1,291	112	37	5,353
At 31 December 2021	1,739,585	1,008,044	74,366	231,200	472,304	34,065	3,559,564
Accumulated depreciation							
At 1 January 2021	–	490,603	–	139,668	702,055	–	1,332,326
Charge for the financial year	–	52,319	–	8,282	71,492	–	132,093
Disposal	–	(5,004)	–	(47)	(3,828)	–	(8,879)
Write off	–	–	–	(31)	(2,622)	–	(2,653)
Adjustment	–	–	–	3,471	192	–	3,663
Transfer to assets of disposal group classified as held for sale (Note 24)	–	(28,423)	–	(17,338)	(453,999)	–	(499,760)
Exchange differences	–	434	–	269	(30)	–	673
At 31 December 2021	–	509,929	–	134,274	313,260	–	957,463
Accumulated impairment losses							
At 1 January 2021	–	32,817	66,669	22,994	81,965	5,943	210,388
Charge for the financial year	–	24,819	–	12,337	109,187	–	146,343
Write off	–	–	–	–	(70)	9,633	9,563
Reclassification	–	66,669	(66,669)	1,432	–	(1,432)	–
Transfer to assets of disposal group classified as held for sale (Note 24)	–	(113,893)	–	(37,190)	(181,179)	(13,945)	(346,207)
Exchange differences	–	1,766	–	461	15	37	2,279
At 31 December 2021	–	12,178	–	34	9,918	236	22,366
Net book value as at 31 December 2021	1,739,585	485,937	74,366	96,892	149,126	33,829	2,579,735

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Other assets RM'000	Capital work in progress RM'000	Total RM'000
Cost							
At 1 January 2020	1,739,014	1,096,187	139,033	263,610	1,602,330	116,286	4,956,460
Additions	–	2,849	47,117	5,448	40,021	117,068	212,503
Disposal	–	–	–	(725)	(52,688)	–	(53,413)
Write off	–	(15,383)	–	(3,145)	(24,948)	–	(43,476)
Reclassification	–	55,763	(59,572)	28,579	43,684	(68,454)	–
Transfer from right-of-use assets (Note 12)	571	–	–	–	–	–	571
Transfer to investment properties (Note 13)	–	–	–	(1,936)	–	–	(1,936)
Transfer to biological assets (Note 22)	–	(8,373)	–	–	–	–	(8,373)
Transfer to assets of disposal group classified as held for sale (Note 24)	–	–	–	–	(209,766)	(13,328)	(223,094)
Exchange differences	–	(5,207)	–	(1,405)	(175)	(21)	(6,808)
At 31 December 2020	1,739,585	1,125,836	126,578	290,426	1,398,458	151,551	4,832,434
Accumulated depreciation							
At 1 January 2020	–	458,699	–	131,095	733,185	–	1,322,979
Charge for the financial year	–	49,479	–	17,115	129,797	–	196,391
Disposal	–	–	–	(725)	(31,334)	–	(32,059)
Write off	–	(13,152)	–	(6,016)	(22,713)	–	(41,881)
Transfer to investment properties (Note 13)	–	–	–	(1,685)	–	–	(1,685)
Transfer to biological assets (Note 22)	–	(3,902)	–	–	–	–	(3,902)
Transfer to assets of disposal group classified as held for sale (Note 24)	–	–	–	–	(106,775)	–	(106,775)
Exchange differences	–	(521)	–	(116)	(105)	–	(742)
At 31 December 2020	–	490,603	–	139,668	702,055	–	1,332,326
Accumulated impairment losses							
At 1 January 2020	–	12,177	–	182	17,561	4,519	34,439
Charge for the financial year	–	20,640	66,669	22,962	86,086	5,699	202,056
Write off	–	–	–	(192)	–	–	(192)
Reclassification	–	–	–	42	(45)	3	–
Transfer to assets of disposal group classified as held for sale (Note 24)	–	–	–	–	(21,637)	(4,278)	(25,915)
At 31 December 2020	–	32,817	66,669	22,994	81,965	5,943	210,388
Net book value as at							
31 December 2020	1,739,585	602,416	59,909	127,764	614,438	145,608	3,289,720

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Other assets of the Group can be further analysed as follows:

Group	Vessels, plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2021	1,284,362	59,995	54,101	1,398,458
Additions	43,742	1,866	3,217	48,825
Disposal	(2,929)	(464)	(476)	(3,869)
Write off	(301)	(421)	(1,989)	(2,711)
Reclassification	26,052	1,104	687	27,843
Adjustment	153	39	–	192
Transfer to assets of disposal group classified as held for sale (Note 24)	(966,159)	(25,289)	(5,098)	(996,546)
Exchange differences	33	67	12	112
At 31 December 2021	384,953	36,897	50,454	472,304
Accumulated depreciation				
At 1 January 2021	603,200	53,452	45,403	702,055
Charge for the financial year	64,463	2,960	4,069	71,492
Disposal	(2,929)	(460)	(439)	(3,828)
Write off	(245)	(392)	(1,985)	(2,622)
Reclassification	153	39	–	192
Transfer to assets of disposal group classified as held for sale (Note 24)	(424,457)	(24,768)	(4,774)	(453,999)
Exchange differences	(94)	51	13	(30)
At 31 December 2021	240,091	30,882	42,287	313,260
Accumulated impairment losses				
At 1 January 2021	81,608	317	40	81,965
Charge for the financial year	108,988	15	184	109,187
Write off	(70)	–	–	(70)
Reclassification	172	(169)	(3)	–
Transfer to assets of disposal group classified as held for sale (Note 24)	(181,083)	(89)	(7)	(181,179)
Exchange differences	10	5	–	15
At 31 December 2021	9,625	79	214	9,918
Net book value as at 31 December 2021	135,237	5,936	7,953	149,126

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Other assets of the Group can be further analysed as follows: (cont'd)

Group	Vessels, plant and machinery RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2020	1,501,521	42,065	58,744	1,602,330
Additions	36,762	1,434	1,825	40,021
Disposal	(51,345)	(172)	(1,171)	(52,688)
Write off	(17,112)	(2,389)	(5,447)	(24,948)
Reclassification	24,339	19,170	175	43,684
Transfer to assets of disposal group classified as held for sale (Note 24)	(209,766)	–	–	(209,766)
Exchange differences	(37)	(113)	(25)	(175)
At 31 December 2020	1,284,362	59,995	54,101	1,398,458
Accumulated depreciation				
At 1 January 2020	656,734	31,673	44,778	733,185
Charge for the financial year	102,007	22,908	4,882	129,797
Disposal	(30,233)	(180)	(921)	(31,334)
Write off	(18,024)	(1,010)	(3,679)	(22,713)
Reclassification	(497)	131	366	–
Transfer to assets of disposal group classified as held for sale (Note 24)	(106,775)	–	–	(106,775)
Exchange differences	(12)	(70)	(23)	(105)
At 31 December 2020	603,200	53,452	45,403	702,055
Accumulated impairment losses				
At 1 January 2020	17,488	28	45	17,561
Charge for the financial year	85,824	252	10	86,086
Reclassification	(67)	37	(15)	(45)
Transfer to assets of disposal group classified as held for sale (Note 24)	(21,637)	–	–	(21,637)
At 31 December 2020	81,608	317	40	81,965
Net book value as at				
31 December 2020	599,554	6,226	8,658	614,438

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Bearer assets RM'000	Immature fields RM'000	Buildings RM'000	Other assets RM'000	Capital work in progress RM'000	Total RM'000
Cost							
At 1 January 2021	801,801	192,836	19,139	76,553	70,317	2,404	1,163,050
Additions	–	153	13,974	912	3,145	1,838	20,022
Write off	–	–	–	(16)	(730)	–	(746)
Reclassification	–	–	–	665	1,696	(2,361)	–
At 31 December 2021	801,801	192,989	33,113	78,114	74,428	1,881	1,182,326
Accumulated depreciation							
At 1 January 2021	–	90,345	–	46,406	55,431	–	192,182
Charge for the financial year	–	7,802	–	2,357	4,978	–	15,137
Write off	–	–	–	(16)	(724)	–	(740)
At 31 December 2021	–	98,147	–	48,747	59,685	–	206,579
Net book value as at							
31 December 2021	801,801	94,842	33,113	29,367	14,743	1,881	975,747
Cost							
At 1 January 2020	801,801	200,760	5,165	75,987	69,813	2,266	1,155,792
Additions	–	3,550	13,974	680	1,402	537	20,143
Disposal	–	–	–	–	(299)	–	(299)
Write off	–	(3,101)	–	(187)	(925)	–	(4,213)
Transfer to biological assets							
(Note 22)	–	(8,373)	–	–	–	–	(8,373)
Reclassification	–	–	–	73	326	(399)	–
At 31 December 2020	801,801	192,836	19,139	76,553	70,317	2,404	1,163,050
Accumulated depreciation							
At 1 January 2020	–	86,781	–	44,287	49,722	–	180,790
Charge for the financial year	–	10,567	–	2,304	6,920	–	19,791
Disposal	–	–	–	–	(290)	–	(290)
Write off	–	(3,101)	–	(185)	(921)	–	(4,207)
Transfer to biological assets							
(Note 22)	–	(3,902)	–	–	–	–	(3,902)
At 31 December 2020	–	90,345	–	46,406	55,431	–	192,182
Net book value as at							
31 December 2020	801,801	102,491	19,139	30,147	14,886	2,404	970,868

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Carrying amount of assets pledged as security for borrowings:				
– freehold lands	**407,346**	407,346	**–**	–
– bearer assets	**264,230**	258,557	**19,286**	16,566
– immature fields	**38,995**	49,348	**7,387**	13,363
– vessels	**–**	455,790	**–**	–
– buildings	**–**	1,019	**–**	–
– capital work in progress	**13,779**	–	**–**	–
	724,350	1,172,060	**26,673**	29,929

Borrowing costs

Included in additions to property, plant and equipment of the Group are interest capitalised during the year amounting to RM0.80 million (2020: Nil). During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM150.79 million (2020: RM212.50 million) and RM20.02 million (2020: RM20.14 million), respectively. The acquisitions were settled through the following means:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash payment	**150,789**	212,403	**20,022**	20,143
Finance leases	**–**	100	**–**	–
	150,789	212,503	**20,022**	20,143

Impairment of property, plant and equipment

The Group has estimated the recoverable amounts of certain property, plant and equipment during the financial year. The assessment has led to the recognition of impairment losses of RM146.34 million (2020: RM202.06 million).

Included in these impairment losses is an amount of RM37.22 million (2020: RM112.70 million) relating to certain bearer assets, buildings and plant and machineries of the subsidiaries, PT Rambang Agro Jaya ("PT RAJ") and PT Tempirai Palm Resources ("PT TPR"). The significant impairment loss was due to continuing losses incurred by the subsidiaries and negative market outlook, which were recorded in other expenses in the statement of comprehensive income. In determining the recoverable amounts of these assets, the Group estimated the fair value less costs to sell based on the offer price of IDR416 billion (RM121.7 million) from a potential buyer, at costs to sell of 4%.

Included in the total impairment losses is an amount of RM108.92 million (2020: RM89.36 million) relating to certain vessels of a subsidiary, E.A Technique (M) Berhad. The significant impairment loss was due to the decline in the oil and gas market conditions. In determining the recoverable amounts of these vessels, the Group engaged an independent firm of valuers and applied judgement and estimates in determining the fair value of vessels based on quotations received from a broker, judgement of the Directors, and the management's experience in the industry in light of the volatility of current market conditions.

The above fair value measurements are classified in Level 3 of the fair value hierarchy.

12. RIGHT-OF-USE ASSETS

The Group and the Company lease several assets as stated below. The Group and the Company's average lease term ranges from 2 to 904 years.

The Group's and the Company's obligations are secured by the lessors' title to the leased assets.

Group	Leasehold land RM'000	Leasehold building RM'000	Plant and machinery RM'000	Office equipment RM'000	Total RM'000
Net book value					
At 1 January 2020	1,721,103	1,090	61,352	126	1,783,671
Additions	19,335	1,343	–	–	20,678
Amortisation	(8,643)	(1,038)	(33,698)	(4,536)	(47,915)
Impairment loss	(3,279)	–	–	–	(3,279)
Reclassification	1,858	–	(9,235)	7,377	–
Transfer to investment properties (Note 13)	(571)	–	–	–	(571)
Exchange differences	(1,241)	–	–	–	(1,241)
Derecognition	(2,366)	(240)	(11,770)	(2,906)	(17,282)
At 31 December 2020/ 1 January 2021	**1,726,196**	**1,155**	**6,649**	**61**	**1,734,061**
Additions	**11**	**1,320**	**–**	**105**	**1,436**
Amortisation	**(31,739)**	**(902)**	**(6,649)**	**(53)**	**(39,343)**
Impairment loss	**(13,134)**	**–**	**–**	**–**	**(13,134)**
Transfer to assets of disposal group classified as held for sale (Note 24)	**(44,080)**	**(582)**	**–**	**(12)**	**(44,674)**
Exchange differences	**1,005**	**–**	**–**	**–**	**1,005**
Modification	**968**	**–**	**–**	**–**	**968**
Derecognition	**–**	**(116)**	**–**	**(58)**	**(174)**
At 31 December 2021	**1,639,227**	**875**	**–**	**43**	**1,640,145**

Company	Leasehold land RM'000	Leasehold building RM'000	Office equipment RM'000	Total RM'000
Net book value				
At 1 January 2020	389,715	228	20	389,963
Additions	–	–	45	45
Amortisation	(3,633)	(122)	(10)	(3,765)
Derecognition	(941)	(86)	–	(1,027)
At 31 December 2020/1 January 2021	**385,141**	**20**	**55**	**385,216**
Additions	**–**	**1,092**	**–**	**1,092**
Amortisation	**(3,633)**	**(295)**	**(18)**	**(3,946)**
At 31 December 2021	**381,508**	**817**	**37**	**382,362**

Approximately 0.02% (2020: 0.08%) and 0.29% (2020: 0.01%) of the leases for the Group and the Company expired in the current financial year.

Certain leasehold land of the Group and the Company amounting to approximately RM1,155.07 million (2020: RM1,189.80 million) and RM230.99 million (2020: RM233.63 million) respectively are pledged as security for borrowings.

12. RIGHT-OF-USE ASSETS (CONT'D)

Impairment of right-of-use assets

Included in the total impairment losses of the Group is an amount of RM13.13 million (2020: RM3.28 million) relating to certain right-of-use assets of a subsidiary, PT Rambang Agro Jaya ("PT RAJ"). The significant impairment loss was due to continuing losses incurred by the subsidiaries and negative market outlook, which were recorded in other expenses in the statement of comprehensive income. In determining the recoverable amounts of these assets, the Group estimated the fair value less costs to sell based on the offer price from a potential buyer, at costs to sell of 4%.

The above fair value measurement is classified in Level 3 of the fair value hierarchy. Further details of the fair value hierarchy are disclosed in Note 38.

Other details are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a) Cash outflow for leases	**9,542**	32,406	**942**	849
(b) Short term payments and payments for leases of low-value assets	**679**	389	**679**	160

13. INVESTMENT PROPERTIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**64,280**	69,307	**49,480**	52,380
Net gain/(loss) from fair value adjustments recognised in profit or loss	**1,225**	(2,610)	**1,290**	(2,900)
Net loss from fair value adjustments recognised in other comprehensive income	**(1,300)**	(2,668)	**–**	–
Transfer from property, plant and equipment (Note 11)	**–**	251	**–**	–
At 31 December	**64,205**	64,280	**50,770**	49,480

13. INVESTMENT PROPERTIES (CONT'D)

Fair values were arrived at after taking into consideration valuations performed by independent firms of valuers. The fair value is categorised as Level 3 in the fair value hierarchy as the valuation is based on unobservable valuation inputs.

Description of valuation techniques used and key inputs to valuation:

Description	Valuation technique	Relationship of unobservable input to fair value	Significant unobservable inputs 2021	Significant unobservable inputs 2020
Group				
Land use right and building	Comparison method and cost method	The higher the value or cost per square feet, the higher the valuation	**RM3 – RM22 per square feet**	RM4 – RM45 per square feet
Commercial land	Comparison method	The higher the value per square feet, the higher the valuation	**RM39 – RM206 per square feet**	RM38 – RM200 per square feet
Commercial land and building	Comparison method	The higher the value per square feet, the higher the valuation	**RM295 – RM397 per square feet**	RM351 – RM397 per square feet
Company				
Commercial land	Comparison method	The higher the value per square feet, the higher the valuation	**RM39 – RM206 per square feet**	RM38 – RM200 per square feet
Commercial land and building	Comparison method	The higher the value per square feet, the higher the valuation	**RM295 per square feet**	RM350 per square feet

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Rental income derived from investment properties	**1,833**	1,524	**1,456**	1,163
Direct operating expenses relating to rental income (included in cost of sales) recognised in profit or loss	**(1,105)**	(792)	**(218)**	(245)
Income arising from investment properties carried at fair value	**728**	732	**1,238**	918

The Group and the Company have no restrictions on the realisability of their investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

14. NON-CURRENT INVENTORIES

	Group and Company	
	2021 RM'000	**2020 RM'000**
Land held for development	**2,909**	2,909
Costs attributable to the development	**11,601**	11,601
	14,510	14,510

15. INTANGIBLE ASSETS

Group	Goodwill RM'000	Others RM'000	Total RM'000
Cost			
At 1 January 2020	28,955	9,853	38,808
Additions	–	7	7
At 31 December 2020/At 1 January 2021	28,955	9,860	38,815
Write off	–	(219)	(219)
Transfer to assets classified as held for sale (Note 24)	(28,955)	(5,331)	(34,286)
At 31 December 2021	–	4,310	4,310
Accumulated amortisation and impairment			
At 1 January 2020	24,619	6,691	31,310
Impairment	2,694	3,023	5,717
Amortisation	–	24	24
At 31 December 2020/At 1 January 2021	27,313	9,738	37,051
Amortisation	–	14	14
Transfer to assets classified as held for sale (Note 24)	(27,313)	(5,331)	(32,644)
Write off	–	(111)	(111)
At 31 December 2021	–	4,310	4,310
Net carrying amount			
At 31 December 2021	–	–	–
At 31 December 2020	1,642	122	1,764

Key assumptions used in determining the recoverable amounts

During the previous financial year, the recoverable amounts of the CGUs (primarily the insurance broking and consultancy business) were determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year period.

The key assumptions on which management based its cash flow projections include discount and terminal growth rate of 10% and 3% respectively.

The discount rates used were based on selected market comparable companies and adjusted for projection risk. The terminal growth rate was the growth rate of the business in a stabilised state into perpetuity.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2021

16. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
Amounts due from subsidiaries	**632,384**	644,177
Quoted shares in Malaysia	**–**	6,837
Unquoted shares in Malaysia	**612,064**	649,852
Unquoted shares outside Malaysia	**58,754**	58,754
	1,303,202	1,359,620
Less: Impairment losses	**(810,319)**	(861,669)
	492,883	497,951

During the financial year, the Company recorded RM13.11 million (2020: RM651.45 million) impairment losses for the investments in certain subsidiaries. The impairment of subsidiaries were due to continuing poor performance and negative market outlook, which were recorded in "other expenses" in the statement of comprehensive income.

The reconciliation of impairment losses for investments in subsidiaries as at 31 December is as follows:

	Company 2021 RM'000	Company 2020 RM'000
At 1 January	**861,669**	210,217
Impairment loss recognised in profit or loss during the financial year (Note 7)	**13,113**	651,452
Transfer to asset classified as held for sale	**(64,463)**	–
At 31 December	**810,319**	861,669

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest held by the Group 2021 %	Ownership interest held by the Group 2020 %	Ownership interest held by non-controlling interest 2021 %	Ownership interest held by non-controlling interest 2020 %
Held by the Company						
Mahamurni Plantations Sdn. Bhd.	Malaysia	Production of palm oil and palm kernels	**100.00**	100.00	**–**	–
Selai Sdn. Bhd.	Malaysia	Oil palm plantation and livestock farming	**100.00**	100.00	**–**	–
Ulu Tiram Manufacturing Company (Malaysia) Sdn. Bhd.	Malaysia	Oil palm plantation	**100.00**	100.00	**–**	–
Kumpulan Bertam Plantations Berhad	Malaysia	Oil palm plantation	**95.57**	95.57	**4.43**	4.43

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held by the Company (cont'd)						
EPA Management Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00	**–**	–
+Skellerup Industries (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00	**–**	–
Kulim Topplant Sdn. Bhd.	Malaysia	Production of oil palm clones	**100.00**	100.00	**–**	–
+JTP Trading Sdn. Bhd.	Malaysia	Trading and distribution of tropical fruits	**100.00**	100.00	**–**	–
+Kulim Energy Sdn. Bhd.	Malaysia	Dormant	**80.00**	80.00	**20.00**	20.00
+Pristine Bay Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00	**–**	–
Kulim Plantations (Malaysia) Sdn. Bhd.	Malaysia	Production of palm oil and palm kernels	**100.00**	100.00	**–**	–
Sindora Berhad	Malaysia	Investment holding, operations of oil palm	**100.00**	100.00	**–**	–
+Cita Tani Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00	**–**	–
+Renown Value Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00	**–**	–
Kulim Nursery Sdn. Bhd.	Malaysia	Oil palm nursery and other related services	**100.00**	100.00	**–**	–
+Kulim Greenergy Sdn Bh (formerly known as SG Lifestyle Sdn. Bhd.)	Malaysia	Renewable energy	**100.00**	100.00	**–**	–
Danamin (M) Sdn. Bhd.	Malaysia	Providing non-destructive testing services and performing electrical engineering works for oil and gas, marine, chemical and construction industries	**75.00**	75.00	**25.00**	25.00
+PT Wisesa Inspirasi Nusantara	Indonesia	Investment holding	**74.00**	74.00	**26.00**	26.00
Kulim Energy Nusantara Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00	**–**	–
+Kulim Smart Technologies Sdn. Bhd.	Malaysia	Ceased operation	**100.00**	100.00	**–**	–
#^E.A. Technique (M) Berhad	Malaysia	Provision of sea transportation and related services	**52.48**	52.48	**47.52**	47.52
+Kulim Green Energy Ventures Sdn. Bhd.	Malaysia	Renewable energy	**55.00**	55.00	**45.00**	45.00
+Perfect Synergy Trading Sdn. Bhd.	Malaysia	Trading and supplying of fertilizer and chemicals	**100.00**	–	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Mahamurni Plantations Sdn. Bhd.						
+Pembangunan Mahamurni Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00	**–**	–
United Malayan Agricultural Corporation Berhad	Malaysia	Oil palm plantation	**100.00**	100.00	**–**	–
Held through EPA Management Sdn. Bhd.						
Edaran Badang Sdn. Bhd.	Malaysia	Dealer in agricultural machinery and parts	**100.00**	100.00	**–**	–
+Kulim Civilworks Sdn. Bhd.	Malaysia	Investment holding, facility maintenance, construction services FFB transportation, trading electrical items, air conditioner spare parts and sealant	**100.00**	100.00	**–**	–
+Kulim Livestock Sdn. Bhd.	Malaysia	Livestock farming	**100.00**	100.00	**–**	–
+Special Appearance Sdn. Bhd.	Malaysia	Replanting of oil palm and other related services	**100.00**	99.56	**–**	0.44
Extreme Edge Sdn. Bhd.	Malaysia	Supply of information technology (IT) hardware and provision of IT maintenance and development services	**75.00**	75.00	**25.00**	25.00
Kulim Safety Training and Services Sdn. Bhd.	Malaysia	Provision of training services and any other services related to occupational safety, health, environmental and security systems and fire safety	**75.00**	75.00	**25.00**	25.00
+PT Kulim Agro Persada	Indonesia	Dormant	**100.00**	100.00	**–**	–
+Perfect Synergy Trading Sdn. Bhd.	Malaysia	Trading and supplying of fertilizer and chemicals	**–**	75.00	**–**	25.00

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Kulim Civilworks Sdn. Bhd.						
*KCW Hardware Sdn. Bhd.	Malaysia	Dormant	**–**	100.00	**–**	–
*KCW Kulim Marine Services Sdn. Bhd.	Malaysia	Dormant	**–**	100.00	**–**	–
*KCW Electrical Sdn. Bhd.	Malaysia	Dormant	**–**	100.00	**–**	–
*Kulim Technology Ideas Sdn. Bhd.	Malaysia	Dormant	**–**	100.00	**–**	–
Held through Kulim Safety Training and Services Sdn. Bhd.						
+Optimum Status Sdn. Bhd.	Malaysia	Provision of mechanical and electrical services	**75.00**	75.00	**25.00**	25.00
Held through Skellerup Industries (Malaysia) Sdn. Bhd.						
+SIM Manufacturing Sdn. Bhd.	Malaysia	Dormant	**90.00**	90.00	**10.00**	10.00
Held through Extreme Edge Sdn. Bhd.						
Sovereign Multimedia Resources Sdn. Bhd.	Malaysia	Software development, technical services, and support related to software design and hardware related to software implementation and other related ICT business	**75.00**	75.00	**25.00**	25.00
Pinnacle Platform Sdn. Bhd.	Malaysia	Development and maintenance of information technology application system	**75.00**	75.00	**25.00**	25.00

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2021

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Sindora Berhad						
*Sindora Wood Products Sdn. Bhd.	Malaysia	Dormant	–	100.00	–	–
*Sindora Trading Sdn. Bhd.	Malaysia	Dormant	–	100.00	–	–
+Sindora Development Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00	–	–
+Sindora Timber Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00	–	–
+Epasa Shipping Agency Sdn. Bhd.	Malaysia	Shipping and forwarding agent	**100.00**	100.00	–	–
#^E.A. Technique (M) Berhad	Malaysia	Provision of sea transportation and related services	**52.48**	52.48	**47.52**	47.52
*Microwell Bio Solutions Sdn. Bhd.	Malaysia	Ceased operations	–	60.00	–	40.00
MIT Insurance Brokers Sdn. Bhd.	Malaysia	Insurance broking and consultancy	**100.00**	100.00	–	–
Held through E.A. Technique (M) Berhad:						
Johor Shipyard & Engineering Sdn. Bhd.	Malaysia	Shipbuilding, fabrication of steel structures, engineering services and consultancy	**52.48**	52.48	**47.52**	47.52
Libra Prefex Precision Sdn. Bhd.	Malaysia	Hiring and chartering of marine vessels	**52.48**	52.48	**47.52**	47.52
Held through MIT Insurance Broker Sdn. Bhd.						
MIT Captive Ltd	Malaysia	Licensed to carry Labuan captive takaful business	**100.00**	100.00	–	–

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Danamin (M) Sdn. Bhd.						
+DQ-IN Sdn. Bhd.	Malaysia	Business of engineering and fabrication	**75.00**	75.00	**25.00**	25.00
+Xcot Tech Sdn. Bhd.	Malaysia	Dormant	**75.00**	75.00	**25.00**	25.00
Held through PT Wisesa Inspirasi Nusantara						
+PT Tempirai Palm Resources	Indonesia	Oil palm plantation	**70.30**	70.30	**29.70**	29.70
+PT Rambang Agro Jaya	Indonesia	Oil palm plantation	**70.30**	70.30	**29.70**	29.70

Listed on Main Market of Bursa Malaysia Securities Berhad
* Disposed during the financial year
+ Audited by firms other than Ernst and Young PLT
^ 2.43% held through Kulim (Malaysia) Berhad and 50.05% held through Sindora Berhad

(a) Disposal of subsidiaries in 2021

During the financial year, the Group entered into share sale agreements with third parties in relation to the disposals of Kulim Technology Ideas Sdn. Bhd., Microwell Bio Solutions Sdn. Bhd., KCW Electrical Sdn. Bhd., KCW Hardware Sdn. Bhd., KCW Kulim Marine Services Sdn. Bhd., Sindora Trading Sdn. Bhd. and Sindora Wood Products Sdn. Bhd. for a purchase consideration of RM1 for each subsidiary. The decision is in line with the Group's intention to streamline its business activities and assets base by focusing on the Group's strength and expertise in palm oil and its related businesses. The disposals were completed on 1 April 2021, 1 June 2021, and 31 October 2021 respectively. Accordingly, the abovementioned entities ceased to be subsidiaries of the Group.

The disposal did not have any significant effect on the financial position and results of the Group.

(b) Increase in interest in subsidiaries in 2021

During the financial year, the Group acquired an additional 0.44% equity interest in Special Appearance Sdn. Bhd. and 25% equity interest in Perfect Synergy Trading Sdn. Bhd. for a total consideration of RM0.003 million and RM0.39 million respectively. The additions in equity interest did not have any significant effect on the financial position and results of the Group.

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Disposal of subsidiaries in 2020

In the previous financial year, the Group entered into share sale agreements with third parties in relation to the disposals of EPA Futures Sdn. Bhd., Exquisite Livestock Sdn. Bhd., Sindora Timber Products Sdn. Bhd. and Microwell Trading Sdn. Bhd. for a purchase consideration of RM1 for each subsidiary. The decision is in line with the Group's intention to streamline its business activities and assets base by focusing on the Group's strength and expertise in palm oil and its related businesses. The disposals were completed on 13 November 2020. Accordingly, the abovementioned entities ceased to be subsidiaries of the Group.

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

(d) Decrease in interest in subsidiaries in 2020

In the previous financial year, the Group via E.A. Technique (M) Berhad ("EAT") announced the private placement of new ordinary shares representing approximately 21.1% of the Company's total number of issued shares (excluding treasury shares) allotted to its holding company and independent third party investors. Following the completion of the private placement, the Group's shareholdings in EAT decreased from 53.16% to 52.48%.

On 1 October 2019, the Company entered into share sale agreement with a third party in relation to the proposed disposal of 45% equity interest in Kulim Green Energy Ventures Sdn. Bhd. ("KGEV'). The disposal was completed on 3 February 2020. Accordingly, the Group's shareholdings in KGEV decreased from 100% to 55%.

The transactions above did not have any significant effect on the financial position and results of the Group except for the increase in non-controlling interests amounting to RM7.78 million.

(e) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group

Proportion of equity interest held by non-controlling interests:

	2021 %	2020 %
E.A. Technique (M) Berhad ("EAT") Group	**47.52**	47.52
PT Wisesa Inspirasi Nusantara ("PT WIN") Group	**26.00**	26.00

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group (cont'd)

Summarised statements of financial position before intra-group elimination:

	EAT Group RM'000	PTWIN Group RM'000	Total RM'000
At 31 December 2021			
Current assets	**129,570**	**150,907**	**280,477**
Non-current assets	**415,159**	**1,794**	**416,953**
Current liabilities	**(508,415)**	**(5,213)**	**(513,628)**
Non-current liabilities	**(30,356)**	**(380,276)**	**(410,632)**
Net assets	**5,958**	**(232,788)**	**(226,830)**
Less: Equity attributable to non-controlling interests of subsidiary	**–**	**(9,341)**	**(9,341)**
Adjustments for:			
– Revaluation reserve	**–**	**(9,624)**	**(9,624)**
– Deferred tax assets	**–**	**(2,223)**	**(2,223)**
– Impairment losses on property, plant and equipment and right-of-use assets	**–**	**(17,562)**	**(17,562)**
Adjusted net assets	**5,958**	**(271,538)**	**(265,580)**
Pre-acquisition on PT WIN Group	**–**	**2,600**	**2,600**
Adjustment on non-controlling interests of subsidiary	**–**	**(1,088)**	**(1,088)**
Equity attributable to:			
– Equity holders of the Company	**3,127**	**(202,450)**	**(199,323)**
– Non-controlling interests	**2,831**	**(69,088)**	**(66,257)**
	5,958	**(271,538)**	**(265,580)**

	Total RM'000
Equity of EAT Group and PT WIN Group attributable to non-controlling interests	(66,257)
Equity of other subsidiaries that are individually immaterial attributable to non-controlling interests	(6,210)
	(72,467)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group (cont'd)

Summarised statements of financial position before intra-group elimination: (cont'd)

	EAT Group RM'000	PTWIN Group RM'000	Total RM'000
At 31 December 2020			
Current assets	137,722	8,347	146,069
Non-current assets	588,841	185,823	774,664
Current liabilities	(531,038)	(5,537)	(536,575)
Non-current liabilities	(37,859)	(352,281)	(390,140)
Net assets	157,666	(163,648)	(5,982)
Less: Equity attributable to non-controlling interests of subsidiary	–	(5,954)	(5,954)
Adjustments for:			
– Revaluation reserve	–	(9,175)	(9,175)
– Deferred tax assets	–	(880)	(880)
– Impairment losses on property, plant and equipment and right-of-use assets	–	(4,852)	(4,852)
Adjusted net assets	157,666	(184,509)	(26,843)
Pre-acquisition on PT WIN Group	–	2,600	2,600
Adjustment on non-controlling interests of subsidiary	–	(552)	(552)
Equity attributable to:			
– Equity holders of the Company	82,743	(138,585)	(55,842)
– Non-controlling interests	74,923	(45,924)	28,999
	157,666	(184,509)	(26,843)

	Total RM'000
Equity of EAT Group and PT WIN Group attributable to non-controlling interests	28,999
Equity of other subsidiaries that are individually immaterial attributable to non-controlling interests	(6,088)
	22,911

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group (cont'd)

Summarised statements of comprehensive income before intra-group elimination:

	EAT Group RM'000	PTWIN Group RM'000	Total RM'000
At 31 December 2021			
Revenue	160,556	–	160,556
Cost of sales	(134,093)	–	(134,093)
Other income	7,342	–	7,342
Administrative and other expenses	(168,885)	(18,320)	(187,205)
Finance costs	(16,185)	–	(16,185)
Loss before tax	(151,265)	(18,320)	(169,585)
Tax	(443)	(118)	(561)
Net loss for the year from continued operations	(151,708)	(18,438)	(170,146)
Net loss for the year from discontinued operations	–	(46,740)	(46,740)
Translation difference	–	(3,962)	(3,962)
Total comprehensive loss for the financial year	(151,708)	(69,140)	(220,848)
Less: Amount attributable to non-controlling interests of subsidiary	–	(2,723)	(2,723)
Adjustments for:			
– Deferred tax assets	–	(1,582)	(1,582)
– Impairment losses on property, plant and equipment and right-of-use assets	–	(12,487)	(12,487)
Translation differences	–	(1,097)	(1,097)
	(151,708)	(87,029)	(238,737)
Adjustment on non-controlling interests of subsidiary	–	(521)	(521)
Loss attributable to:			
– Equity holders of the Company	(79,616)	(63,880)	(143,496)
– Non-controlling interests	(72,092)	(23,149)	(95,241)
	(151,708)	(87,029)	(238,737)

	Total RM'000
Loss of EAT Group and PT WIN Group attributable to non-controlling interests	(95,241)
Loss of other subsidiaries that are individually immaterial attributable to non-controlling interests	69
	(95,172)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group (cont'd)

Summarised statements of comprehensive income before intra-group elimination: (cont'd)

	EAT Group RM'000	PTWIN Group RM'000	Total RM'000
At 31 December 2020			
Revenue	303,193	–	303,193
Cost of sales	(253,832)	–	(253,832)
Other income	4,881	–	4,881
Administrative and other expenses	(119,277)	(3,657)	(122,934)
Finance costs	(18,741)	–	(18,741)
Loss before tax	(83,776)	(3,657)	(87,433)
Tax	13,080	(1,513)	11,567
Net loss for the year from continued operations	(70,696)	(5,170)	(75,866)
Net loss for the year from discontinued operations	–	(172,182)	(172,182)
Translation difference	–	(2,386)	(2,386)
Total comprehensive loss for the financial year	(70,696)	(179,738)	(250,434)
Less: Amount attributable to non-controlling interests of subsidiary	–	(8,619)	(8,619)
Adjustments for:			
– Revaluation reserves	–	(1,655)	(1,655)
– Deferred tax assets	–	7,393	7,393
– Impairment losses on property, plant and equipment and right-of-use assets	–	(4,922)	(4,922)
Translation differences	–	(3,576)	(3,576)
	(70,696)	(191,117)	(261,813)
Adjustment on non-controlling interests of subsidiary	–	30	30
Loss attributable to:			
– Equity holders of the Company	(37,101)	(141,457)	(178,558)
– Non-controlling interests	(33,595)	(49,660)	(83,255)
	(70,696)	(191,117)	(261,813)

	Total RM'000
Loss of EAT Group and PT WIN Group attributable to non-controlling interests	(83,255)
Loss of other subsidiaries that are individually immaterial attributable to non-controlling interests	(609)
	(83,864)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group (cont'd)

Summarised statements of cash flows before intra-group elimination:

	EAT Group RM'000	PTWIN Group RM'000	Total RM'000
At 31 December 2021			
Net cash (used in)/generated from operating activities	**(13,706)**	**1,542**	**(12,164)**
Net cash used in investing activities	**(35,201)**	**(8,917)**	**(44,118)**
Net cash generated from financing activities	**45,140**	**3,113**	**48,253**
Net decrease in cash and cash equivalents	**(3,767)**	**(4,262)**	**(8,029)**
At 31 December 2020			
Net cash generated from/(used in) operating activities	200,293	(17,227)	183,066
Net cash used in investing activities	(93,306)	(27,832)	(121,138)
Net cash (used in)/generated from financing activities	(111,326)	47,198	(64,128)
Net (decrease)/increase in cash and cash equivalents	(4,339)	2,139	(2,200)

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Investments in associates:				
Unquoted shares in Malaysia	**4,739**	4,739	**3,939**	3,939
Amount due from an associate	**2,500**	2,500	**2,500**	2,500
Share of post-acquisition reserves	**3,258**	3,665	**–**	–
	10,497	10,904	**6,439**	6,439
Accumulated impairment losses	**(6,439)**	(6,439)	**(6,439)**	(6,439)
	4,058	4,465	**–**	–
Investment in joint venture:				
Unquoted shares in Indonesia	**310,104**	310,104	**–**	–
Share of post-acquisition reserve	**(48,378)**	(48,378)	**–**	–
Accumulated impairment losses	**(261,726)**	(261,726)	**–**	–
	–	–	**–**	–
Total	**4,058**	4,465	**–**	–

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Details of the associates and joint venture are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	Nature of relationship	% of ownership interest held by the Group*	
				2021 %	2020 %
Held by Company					
Intrapreneur Value Creation Sdn. Bhd. ("IVC")	Malaysia	To provide financing to companies within Johor Corporation Group based on Shariah principles	Associate	**29.91**	29.91
Held through Sindora Berhad					
Tepak Marketing Sdn. Bhd. ("Tepak")	Malaysia	Tea blending and packaging	Associate	**20.00**	20.00
Held through Kulim Energy Nusantara Sdn Bhd					
PT Rizki Bukit Barisan Energi ("PT RBBE")*	Indonesia	Operator of a Production Sharing Contract in South West Bukit Barisan ("PSC SWBB")	Joint Venture	**60.00**	60.00

* By virtue of the Joint Operating Agreement entered into by the Group, the Group considers that it has joint control over the operations of PT RBBE.

Impairment of investments accounted for using the equity method

During the previous financial year, due to the unfavourable results of exploration activities, poor future prospects and continued losses incurred by PT RBBE, the investment in PT RBBE was assessed for impairment.

In determining the recoverable amount of the investment in PT RBBE, the Group engaged an independent technical and commercial oil and gas consultant to perform a valuation on the investment in PT RBBE. An impairment test was performed by comparing the recoverable amount against the carrying value of the cash generating unit. The recoverable amount is determined by calculation of the value-in-use based on the discounted cash flow model as no recent third party transactions exist on which a reliable market-based fair value can be established. The value-in-use calculation model, takes into consideration cash flows, which are expected to arise until year of 2038, being the license term of the oil and gas field.

The aforementioned impairment assessment has resulted in impairment losses of RM218.74 million being recorded in the previous financial year ended 31 December 2020.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Impairment of investments accounted for using the equity method (cont'd)

The key assumptions used in the Group's discounted cash flow models reflect past experience and take account of external factors. These assumptions are:

Description	Significant inputs
Oil prices	USD60/barrel
Gas prices	USD5.15/Metric million British thermal unit
Reserves and recoveries:	
Oil reserves	0.8 million stock tank barrels
Gas reserves	31 billion standard cubic feet
Discount rate	10%

Summarised financial information of investments accounted for using the equity method

Summarised financial information is set out below. The summarised financial information represents the amounts in the financial statements and not the Group's share of those amounts.

(i) Summarised statements of financial position of associates

	IVC RM'000	Tepak RM'000	Total RM'000
At 31 December 2021			
Non-current assets	13,921	1,778	15,699
Current assets			
Cash and cash equivalents	4,403	5,392	9,795
Other current assets	216	16,230	16,446
	4,619	21,622	26,241
Total assets	18,540	23,400	41,940
Current liabilities	3,046	3,109	6,155
Total liabilities	3,046	3,109	6,155
Net assets	15,494	20,291	35,785

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Summarised financial information of investments accounted for using the equity method (cont'd)

Summarised financial information is set out below. The summarised financial information represents the amounts in the financial statements and not the Group's share of those amounts. (cont'd)

(i) Summarised statements of financial position of associates (cont'd)

	IVC RM'000	Tepak RM'000	Total RM'000
At 31 December 2020			
Non-current assets	9,445	1,710	11,155
Current assets			
Cash and cash equivalents	3,340	6,573	9,913
Other current assets	2,449	15,458	17,907
	5,789	22,031	27,820
Total assets	15,234	23,741	38,975
Non-current liabilities	2,500	149	2,649
Current liabilities	608	1,265	1,873
Total liabilities	3,108	1,414	4,522
Net assets	12,126	22,327	34,453

(ii) Summarised statements of comprehensive income of associates

	IVC RM'000	Tepak RM'000	Total RM'000
At 31 December 2021			
Revenue	**45**	**38,479**	**38,524**
Depreciation	**–**	**(245)**	**(245)**
Other income	**55**	**246**	**301**
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the financial year	**3,368**	**(2,036)**	**1,332**
At 31 December 2020			
Revenue	63	40,323	40,386
Depreciation	–	(248)	(248)
Other income	102	54	156
Profit net of tax, representing total comprehensive income for thefinancial year	146	3,239	3,385

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Summarised financial information of investments accounted for using the equity method (cont'd)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount on the associates

	IVC RM'000	Tepak RM'000	Total RM'000
At 31 December 2021			
Net assets at 1 January	**12,126**	**22,327**	**34,453**
Profit/(loss) net of tax, representing total comprehensive income/ (loss) for the financial year	**3,368**	**(2,036)**	**1,332**
Net assets	**15,494**	**20,291**	**35,785**
Interest in associates	**29.91%**	**20.00%**	
Group's share of net assets	**4,634**	**4,058**	**8,692**
Share of profit not recognised	**(695)**	**–**	**(695)**
Amount due from an associate	**2,500**	**–**	**2,500**
Accumulated impairment losses	**(6,439)**	**–**	**(6,439)**
Carrying value of Group's interest in associates, net of impairment losses	**–**	**4,058**	**4,058**
At 31 December 2020			
Net assets at 1 January	11,980	19,088	31,068
Profit net of tax, representing total comprehensive income for the financial year	146	3,239	3,385
Net assets	12,126	22,327	34,453
Interest in associate	29.91%	20.00%	
Group's share of net assets	3,627	4,465	8,092
Share of losses in excess of investment not recognised	312	–	312
Amount due from an associate	2,500	–	2,500
Accumulated impairment losses	(6,439)	–	(6,439)
Carrying value of Group's interest in associates, net of impairment losses	–	4,465	4,465

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Summarised financial information of investments accounted for using the equity method (cont'd)

(iv) Summarised statement of financial position of joint venture

	PT RBBE	
	2021 RM'000	**2020 RM'001**
Non-current assets	**200,977**	180,711
Current assets		
Cash and cash equivalents	**149**	137
Other current assets	**20,520**	20,030
Total current assets	**20,669**	20,167
Total assets	**221,646**	200,878
Non-current liabilities	**287,178**	279,504
Current liabilities	**363**	645
Total liabilities	**287,541**	280,149
Net liabilities	**(65,895)**	(79,271)

(v) Summarised statement of comprehensive income of joint venture

	PT RBBE	
	2021 RM'000	**2020 RM'001**
Other income	**16,946**	4
Interest expenses	**–**	(3)
Administrative and other expenses	**(2,193)**	(7,145)
Profit/(loss) before tax	**14,753**	(7,144)
Tax	**14**	(229)
Other comprehensive income	**64**	44
Total comprehensive income/(loss) for the year	**14,831**	(7,329)

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)

Summarised financial information of investments accounted for using the equity method (cont'd)

(vi) Reconciliation of the summarised financial information presented above to the carrying amount on the joint venture:

	PT RBBE	
	2021 RM'000	**2020 RM'001**
Net liabilities at 1 January	**(79,271)**	(74,079)
Total comprehensive income/(loss) for the year	**14,831**	(7,329)
Translation differences	**(1,455)**	2,137
Net liabilities at 31 December	**(65,895)**	(79,271)
Interest in joint venture	**60.00%**	60.00%
Share of post-acquisition reserves	**(39,537)**	(47,563)
Share of losses not recognised	**(8,841)**	(815)
Cost of investment	**310,104**	310,104
Accumulated impairment losses	**(261,726)**	(261,726)
Carrying value of Group's interest in joint venture, net of impairment losses	**–**	–

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current				
Shares in Malaysia:				
– quoted	**21,030**	18,947	**21,022**	18,938
– unquoted	**22,035**	22,298	**11,734**	12,361
	43,065	41,245	**32,756**	31,299
Current				
Shares in Malaysia:				
– quoted	**22,202**	15,827	**7,010**	4,998
Total financial assets at fair value through other comprehensive income	**65,267**	57,072	**39,766**	36,297

The significant unobservable inputs used in the fair value measurements of unquoted equity instruments are categorised as Level 3 of the fair value hierarchy. The fair values of the non-listed equity investments have been estimated using the value of net tangible assets of the investees.

Certain quoted shares of the Group and the Company amounting to RM22.20 million (2020: Nil) and RM7.01 million (2020: Nil) respectively are pledged as security for borrowings of a related company.

Active markets exist for the quoted shares of the Group and of the Company.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Quoted shares in Malaysia	**13,268**	15,046	**13,124**	14,883

The entire quoted shares of the Group and the Company amounting to RM13.27 million (2020: Nil) and RM13.12 million (2020: Nil) respectively are pledged as security for borrowings of a related company.

Active markets exist for the quoted shares and warrants of the Group and of the Company.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Other receivables:				
Third parties	**58,605**	58,430	**56,520**	56,386
Holding corporation	**3,441**	–	**–**	–
Subsidiaries	**–**	–	**5,208**	4,549
	62,046	58,430	**61,728**	60,935
Less: Allowance for impairment losses:				
Third parties	**(58,605)**	(58,430)	**(56,520)**	(56,386)
Holding corporation	**(19)**	–	**–**	–
Subsidiaries	**–**	–	**(5,208)**	(4,549)
	(58,624)	(58,430)	**(61,728)**	(60,935)
	3,422	–	**–**	–
Other non-current assets:				
Holding corporation prepayment	**60,531**	60,531	**–**	–
Total non-current	**63,953**	60,531	**–**	–
Current				
Trade receivables:				
Third parties	**89,332**	97,661	**916**	1,286
Less: Allowance for impairment losses:				
Third parties	**(3,484)**	(11,166)	**(385)**	(385)
	85,848	86,495	**531**	901

20. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current (cont'd)				
Other receivables:				
Third parties	**23,628**	43,759	**13,509**	14,438
Less: Allowance for impairment losses:				
Third parties	**(11,579)**	(18,014)	**(11,092)**	(11,536)
	12,049	25,745	**2,417**	2,902
Amounts due from:				
Subsidiaries	**–**	–	**41,028**	39,030
Holding corporation	**382,125**	367,005	**381,945**	360,328
Related companies	**5,250**	8,216	**2,717**	6,566
	387,375	375,221	**425,690**	405,924
Less: Allowance for impairment losses:				
Subsidiaries	**–**	–	**(3,840)**	(13,171)
Holding corporation	**–**	(5,521)	**–**	(4,617)
Related companies	**(1,001)**	(2,486)	**(976)**	(1,457)
	(1,001)	(8,007)	**(4,816)**	(19,245)
Amounts due from, net	**386,374**	367,214	**420,874**	386,679
Other current assets:				
Deposit	**2,988**	2,981	**703**	197
Prepayments	**2,055**	11,667	**434**	2,012
Contract assets	**52**	160	**52**	160
	5,095	14,808	**1,189**	2,369
Total current	**489,366**	494,262	**425,011**	392,851
Total trade and other receivables	**553,319**	554,793	**425,011**	392,851

(i) Included in non-current other receivables of the Group and the Company are amounts due from PT Graha Sumber Berkah and its related companies amounting to RM58.61 million (2020: RM58.43 million) and RM56.52 million (2020: RM56.39 million) respectively that were fully impaired due to negative market outlook. Prepayment in other non-current assets mainly relate to advance payments to the holding corporation for land lease arrangements amounting to RM60.53 million (2020: RM60.53 million).

(ii) The amounts due from holding corporation of the Group and of the Company amounting to RM382.13 million (2020: RM367.01 million) and RM381.95 million (2020: RM360.33 million) respectively are unsecured, with interest charged at 4.11% (2020: 4.26%) per annum.

(iii) Certain amounts due from subsidiaries amounting to RM8.62 million (2020: RM2.38 million) are unsecured, bear interest of 3.44% – 4.11% (2020: 3.56% – 4.26%) per annum and are repayable on demand.

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Reconciliation of loss allowance

The reconciliation of the loss allowance for trade and other receivables as at 31 December is as follows:

Group	2021 RM'000	2020 RM'000
At 1 January:		
– trade receivables	**11,166**	11,741
– other receivables (third parties)	**76,444**	33,904
– holding corporation and related companies	**8,007**	6,533
	95,617	52,178
Increase in loss allowance recognised in profit or loss during the financial year:		
– trade receivables	**2,585**	1,211
– other receivables (third parties)	**196**	42,957
– holding corporation and related companies	**20**	2,103
	2,801	46,271
Reversal of provision:		
– trade receivables	**(288)**	(1,786)
– other receivables (third parties)	**(788)**	(417)
– holding corporation and related companies	**(6,578)**	(629)
	(7,654)	(2,832)
Write-off:		
– trade receivables	**(4,483)**	–
– other receivables (third parties)	**(5,625)**	–
– holding corporation and related companies	**(429)**	–
	(10,537)	–
Transfer to assets classified as held for sale:		
– trade receivables	**(5,496)**	–
– other receivables (third parties)	**(43)**	–
	(5,539)	–
At 31 December:		
– trade receivables	**3,484**	11,166
– other receivables (third parties)	**70,184**	76,444
– holding corporation and related companies	**1,020**	8,007
	74,688	95,617

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Reconciliation of loss allowance (cont'd)

The reconciliation of the loss allowance for trade and other receivables as at 31 December is as follows (cont'd):

Company	2021 RM'000	2020 RM'000
At 1 January:		
– trade receivables	**385**	1,252
– other receivables (third parties)	**67,922**	27,632
– holding corporation and related companies	**23,794**	45,990
	92,101	74,874
Increase in loss allowance recognised in profit or loss during the financial year:		
– other receivables (third parties)	**–**	40,290
– holding corporation and related companies	**1,011**	7,071
	1,011	47,361
Reversal of provision:		
– trade receivables	**–**	(867)
– other receivables (third parties)	**(310)**	–
– holding corporation and related companies	**(14,781)**	(29,267)
	(15,091)	(30,134)
At 31 December:		
– trade receivables	**385**	385
– other receivables (third parties)	**67,612**	67,922
– holding corporation and related companies	**10,024**	23,794
	78,021	92,101

(b) Maximum exposure to credit risk

(i) Trade receivables using simplified approach

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. No significant changes to estimation techniques or assumptions were made during the reporting period.

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Maximum exposure to credit risk (cont'd)

(i) Trade receivables using simplified approach (cont'd)

Group	Current RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 90 days past due RM'000	Total RM'000
31 December 2021					
Expected loss rate	**0%**	**0%**	**0%**	**93%**	
Gross carrying amount – trade receivables	**84,700**	**318**	**562**	**3,752**	**89,332**
Loss allowance	**–**	**–**	**–**	**(3,484)**	**(3,484)**
Carrying amount (net of loss allowance)	**84,700**	**318**	**562**	**268**	**85,848**
31 December 2020					
Expected loss rate	1%	1%	0%	47%	
Gross carrying amount – trade receivables	69,055	3,748	2,475	22,383	97,661
Loss allowance	(720)	(22)	–	(10,424)	(11,166)
Carrying amount (net of loss allowance)	68,335	3,726	2,475	11,959	86,495

Company	Current RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 90 days past due RM'000	Total RM'000
31 December 2021					
Expected loss rate	**0%**	**0%**	**0%**	**43%**	
Gross carrying amount – trade receivables	**13**	**–**	**2**	**901**	**916**
Loss allowance	**–**	**–**	**–**	**(385)**	**(385)**
Carrying amount (net of loss allowance)	**13**	**–**	**2**	**516**	**531**
31 December 2020					
Expected loss rate	0%	0%	0%	45%	
Gross carrying amount – trade receivables	156	151	119	860	1,286
Loss allowance	–	–	–	(385)	(385)
Carrying amount (net of loss allowance)	156	151	119	475	901

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Maximum exposure to credit risk (cont'd)

(ii) Other receivables, holding corporation, related companies and subsidiaries using general 3 stage approach (cont'd)

Group internal credit rating	Expected credit loss rate %	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of impairment provision) RM'000
31 December 2021					
Performing	**0%**	**12 month ECL**	**397,741**	**(20)**	**397,721**
Underperforming	**77%**	**Lifetime ECL**	**11,314**	**(8,668)**	**2,646**
Non-performing	**98%**	**Lifetime ECL**	**63,994**	**(62,516)**	**1,478**
			473,049	**(71,204)**	**401,845**
31 December 2020					
Performing	1%	12 month ECL	373,210	(4,677)	368,533
Underperforming	18%	Lifetime ECL	27,691	(5,104)	22,587
Non-performing	97%	Lifetime ECL	70,531	(68,692)	1,839
Write-off	100%	Asset written off to profit or loss	5,978	(5,978)	–
			477,410	(84,451)	392,959

Company internal credit rating	Expected credit loss rate %	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of impairment provision) RM'000
31 December 2021					
Performing	**0%**	**12 month ECL**	**421,984**	**–**	**421,984**
Underperforming	**84%**	**Lifetime ECL**	**7,807**	**(6,543)**	**1,264**
Non-performing	**100%**	**Lifetime ECL**	**71,136**	**(71,093)**	**43**
			500,927	**(77,636)**	**423,291**
31 December 2020					
Performing	1%	12 month ECL	389,635	(4,616)	385,019
Underperforming	72%	Lifetime ECL	16,379	(11,817)	4,562
Non-performing	100%	Lifetime ECL	75,283	(75,283)	–
			481,297	(91,716)	389,581

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Maximum exposure to credit risk (cont'd)

(ii) Other receivables, holding corporation, related companies and subsidiaries using general 3 stage approach (cont'd)

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date.	For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.
Underperforming	Includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.	For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk.
Non-performing	Includes financial assets that have objective evidence of impairment at the reporting date.	For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).
Write-off	Interest and/or principal repayments are 365 days past due and there is no reasonable expectation of recovery.	Asset is written off.

21. CURRENT INVENTORIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current:				
Agricultural produce	**9,658**	7,395	**–**	–
Raw materials and consumables	**9,491**	9,323	**2,854**	1,622
Finished goods	**4,133**	3,802	**–**	46
Completed properties held for sale	**66,664**	74,647	**66,664**	74,647
	89,946	95,167	**69,518**	76,315

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM724.26 million (2020: RM549.96 million) and RM91.25 million (2020: RM63.19 million) respectively.

22. BIOLOGICAL ASSETS

Group	Fresh fruit bunches RM'000	Pineapple RM'000	Livestock RM'000	Total RM'000
At 1 January 2021	**19,607**	**9,904**	**15,026**	**44,537**
Addition	**–**	**9,189**	**6,714**	**15,903**
Changes in fair value	**20,179**	**(8,836)**	**(373)**	**10,970**
Disposal	**–**	**–**	**(1,700)**	**(1,700)**
Transfer to assets of disposal group classified as held for sale	**(329)**	**–**	**–**	**(329)**
Exchange differences	**7**	**–**	**–**	**7**
At 31 December 2021	**39,464**	**10,257**	**19,667**	**69,388**
At 1 January 2020	5,891	4,180	16,370	26,441
Addition	–	3,390	2,960	6,350
Changes in fair value	13,723	(2,137)	(1,152)	10,434
Disposal	–	–	(3,152)	(3,152)
Transfer from property, plant and equipment	–	4,471	–	4,471
Exchange differences	(7)	–	–	(7)
At 31 December 2020	19,607	9,904	15,026	44,537

22. BIOLOGICAL ASSETS (CONT'D)

Company	Fresh fruit bunches RM'000	Pineapple RM'000	Total RM'000
At 1 January 2021	**3,173**	**9,904**	**13,077**
Addition	**–**	**9,189**	**9,189**
Changes in fair value	**4,310**	**(8,836)**	**(4,526)**
At 31 December 2021	**7,483**	**10,257**	**17,740**
At 1 January 2020	1,368	4,180	5,548
Addition	–	3,390	3,390
Changes in fair value	1,805	(2,137)	(332)
Transfer from property, plant and equipment	–	4,471	4,471
At 31 December 2020	3,173	9,904	13,077

During the financial year, the Group produced approximately 1,061,504 metric tonnes ("MT") (2020: 1,070,060 MT) of fresh fruit bunches ("FFB"), 1,528 MT (2020: 2,151 MT) of pineapples and 301 heads (2020: 289 heads) of cattles. The Company produced approximately 196,920 MT (2020: 242,529 MT) of FFB and 1,528 MT (2020: 2,151 MT) of pineapples.

As at 31 December 2021, the Group's unharvested FFB, pineapples and unsold cattle used in the fair value computations were 36,008 MT (2020: 26,118 MT), 7,984 MT (2020: 5,210 MT) and 7,491 heads (2020: 6,115 heads) respectively. The Company's unharvested FFB and pineapples used in the fair value computations were 6,647 MT (2020: 4,590 MT) of FFB and 7,984 MT (2020: 5,210 MT) of pineapples.

FFB — The Group and the Company have considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on the income approach which considers the net present value of all directly attributable net cashflows including imputed contributory asset charges and the range of FFB prices as at financial year end of RM1,069 to RM1,211 (2020: RM748 to RM861) per MT and RM1,069 to RM1,210 (2020: RM793 to RM826) per MT for the Group and the Company respectively.

Pineapple — Growing pineapples of the Group and the Company represent the standing pineapples prior to harvest. The fair value of growing pineapples depends on the age, sucrose content and condition and is calculated based on expected selling prices as at financial year end of RM1.59/kg (2020: RM2.09/kg).

Livestock — Fair values of the livestock are based on the Group's assessment of the age and market values of the livestock, which range from RM400 to RM7,000 (2020: RM2,500 to RM5,500) per head of cattle.

FV hierarchy — The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy. If the selling price of the FFB, pineapples and livestock changed by 5%, the profit of the Group would have increased or decreased by approximately RM1.97 million (2020: RM1.65 million), RM0.51 million (2020: RM0.50 million) and RM0.98 million (2020: RM0.75 million), respectively.

If the selling price of the FFB and pineapples changed by 5%, the profit of the Company would have increased or decreased by approximately RM0.37 million (2020: RM0.31 million) and RM0.51 million (2020: RM0.50 million) respectively.

23. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and in hand	**108,378**	127,167	**93,204**	92,463
Deposits placed with licensed banks	**29,721**	38,961	**15,535**	15,200
Short-term money market funds	**4,065**	4,102	**1,675**	35
	142,164	170,230	**110,414**	107,698

Included in deposits placed with licensed banks of the Group and of the Company are amounts of RM27.06 million (2020: RM36.91 million) and RM15.54 million (2020: RM15.20 million) respectively, pledged for bank facilities granted to the Group and the Company.

The weighted average interest rate of the fixed deposits of the Group and of the Company at the reporting date are 2.22% (2020: 2.97%) per annum and 2.79% (2020: 2.22%) per annum respectively.

The weighted average maturities of the fixed deposits of the Group and of the Company at the reporting date are 275 days (2020: 258 days) and 329 days (2020: 217 days) respectively.

Short-term money market funds of the Group and of the Company are highly liquid fund investments which can be realised within 2 days (2020: 2 days) and 2 days (2020: 7 days) respectively. They bear interest of 1.85% (2020: 2.15%) per annum and 2.84% (2020: 1.78%) per annum respectively.

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	**142,164**	170,230	**110,414**	107,698
Less:				
Deposits pledged	**(27,057)**	(36,912)	**(15,535)**	(15,200)
Bank overdrafts (Note 27)	**–**	(6,851)	**–**	–
Deposits placed with licensed banks with maturities exceeding 90 days	**(1,699)**	(897)	**–**	–
Cash and cash equivalents	**113,408**	125,570	**94,879**	92,498
Add:				
Cash and cash equivalents attributable to disposal group classified as held for sale (Note 24)	**2,287**	–	**–**	–
	115,695	125,570	**94,879**	92,498

24. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Discontinued operations and disposal group classified as held for sale in 2021

(i) On 10 September 2020, the Board of Directors ("the Board") approved the Group's plan to dispose E.A. Technique (M) Berhad ("EAT"), which is involved in provision of sea transportation and related services. The decision is in line with the Group's business exit strategy for identified companies under its Oil and Gas Support Services segment to maximise returns and mitigate risks.

On 9 May 2021, the Board approved the appointment of the principal advisers for the disposal of EAT and the Group commenced active discussions with potential buyers.

At 31 December 2021, EAT was classified as discontinued operation and as a disposal group held for sale as its disposal is expected to be completed within a year from the reporting date.

As EAT represents a separate major line of business and is part of a single co-ordinated plan to be disposed, its results are excluded from the results of continuing operations and are presented as a single amount as loss after tax from discontinued operations in the statement of comprehensive income (including the comparative period). The impact on the statement of comprehensive income for the comparative period is disclosed below.

EAT reported a net loss of RM146.0 million for the year ended 31 December 2021. As of the same date, EAT breached certain financing facility covenants arising from the deteriorated financial performance and the classification of EAT as a Practice Note 17 ("PN17") Issuer, as further disclosed in Note 36(a) to the financial statements. Consequently, the entire loan balance of EAT at 31 December 2021 amounting to RM218.0 million became repayable on demand and the lenders are entitled to enforce their rights against the pledged assets and vessels. EAT has reclassified RM156.4 million of loan facilities as current loans and borrowings as at 31 December 2021. This resulted in EAT's current liabilities exceeding its current assets by RM405.2 million, but EAT only had cash and bank balances (excluding pledged deposits) of RM6.4 million. These events and conditions indicate the existence of material uncertainty that may cast significant doubt on EAT's ability to continue as a going concern.

Notwithstanding the above, the Directors of EAT are of the view that it is appropriate to prepare the financial statements of EAT on a going concern basis, the validity of which is highly dependent on the following conditions:

(i) Successful implementation of the proposed debt restructuring exercise, as further disclosed in Note 36(b) to the financial statements;

(ii) Continuing support from creditors and lenders (other than the scheme creditors) by agreeing to extended credit terms during this challenging and unprecedented situation.

On 17 March 2022, a key lender of EAT has provided a one-year indulgence on the breach of covenant until 17 March 2023 and the said key lender has agreed in principle that the said facility will not be recalled as long as the loan repayments are on schedule. As of to-date, no lenders have called on EAT for its loans and borrowings.

The outcome of EAT's debt restructuring exercise would depend on the scheme to be made by EAT, as well as the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of EAT. Accordingly, the debt restructuring scheme may develop in ways not initially expected. As the debt restructuring scheme, the extended credit terms and the outcome of the negotiations with these creditors, are not available at the date of the auditors' report of EAT, the auditors of EAT are unable to obtain sufficient appropriate audit evidence to support the validity of the assumptions adopted by the Directors of EAT in preparing the financial statements on a going concern basis. If the going concern assumption is not appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise. Accordingly, the auditors of EAT have issued a disclaimer of opinion on the financial statements of EAT.

24. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Discontinued operations and disposal group classified as held for sale in 2021 (cont'd)

(ii) On 15 August 2021, the Board approved the Group's plan to dispose Danamin Sdn. Bhd. ("DANAMIN"), which is involved in providing non-destructive testing services and performing electrical engineering works for oil gas, marine, chemical and construction industries. The decision is in line with the Group's business exit strategy for identified companies under its Oil and Gas Support Services segment to maximise returns and mitigate risks. At 31 December 2021, DANAMIN was classified as a disposal group held for sale as its disposal is expected to be completed within a year from the reporting date.

(iii) On 20 October 2021, the Board approved the Group's plan to dispose PT Tempirai Palm Resources and PT Rambang Agro Jaya ("collectively referred to as "Sumsel") which is involved in oil palm plantations. At 31 December 2021, SUMSEL was classified as a disposal group held for sale as its disposal is expected to be completed within a year from the reporting date.

(iv) On 15 August 2021, the Board approved the Group's plan to dispose MIT Insurance Brokers Sdn Bhd ("MIT") which is involved in Insurance broking and consultancy. The decision is in line with the Group's business exit strategy for identified companies under its Intrapreneur Ventures segment to maximise returns and mitigate risks. At 31 December 2021, MIT was classified as a disposal group held for sale as its disposal is expected to be completed within a year from the reporting date.

The results of EAT for the year are presented as below:

	Group	
	2021 RM'000	**2020 RM'000**
Revenue	**160,556**	303,193
Cost of sales	**(134,093)**	(258,342)
Gross profit	**26,463**	44,851
Other income	**7,215**	9,765
Administrative expenses	**(10,090)**	(16,994)
Other expenses	**(158,795)**	(101,837)
Loss from operating activities	**(135,207)**	(64,215)
Interest income	**127**	298
Finance cost	**(10,433)**	(15,908)
Loss before tax	**(145,513)**	(79,825)
Tax	**(443)**	13,080
Loss net of tax, representing total comprehensive loss for the financial year	**(145,956)**	(66,745)

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2021

24. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Discontinued operations and disposal group classified as held for sale in 2021 (cont'd)

The major classes of assets and liabilities of EAT, DANAMIN, SUMSEL and MIT classified as held for sale on the Group's statement of financial position as at 31 December 2021 are as follows:

	Group				
	EAT RM'000	DANAMIN RM'000	SUMSEL RM'000	MIT RM'000	Total RM'000
Assets of disposal group classified as held for sale					
Property, plant and equipment	413,937	23,939	74,679	266	512,821
Right-of-use assets	1,788	774	41,689	423	44,674
Intangible asset	–	–	–	1,642	1,642
Trade and other receivables	19,172	19,682	2,938	4,844	46,636
Inventories	106	215	219	–	540
Deferred tax assets	55	–	–	–	55
Biological assets	–	–	329	–	329
Tax recoverable	281	245	–	211	737
Cash and bank balances	10,607	3,062	732	1,785	16,186
Non-current assets held for sale	98,670	–	–	–	98,670
	544,616	47,917	120,586	9,171	722,290
Liabilities of disposal group classified as held for sale					
Trade and other payables	190,399	3,896	3,419	4,218	201,932
Deferred tax liabilities	427	–	–	–	427
Tax payable	242	–	876	–	1,118
Lease liabilities	2,328	117	–	462	2,907
Borrowings	218,014	17,412	–	–	235,426
	411,410	21,425	4,295	4,680	441,810
Net assets directly associated with disposal group classified as held for sale	133,206	26,492	116,291	4,491	280,480
Reserve of disposal group classified as held for sale					
Translation reserve	–	–	(3,260)	–	(3,260)

24. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Discontinued operations and disposal group classified as held for sale in 2021 (cont'd)

For the purposes of the statements of cash flows, cash and cash equivalents of EAT, DANAMIN, SUMSEL and MIT comprise the following at the reporting date:

	Group				
	EAT RM'000	DANAMIN RM'000	SUMSEL RM'000	MIT RM'000	Total RM'000
Cash and bank balances	10,607	3,062	732	1,785	16,186
Less:					
Deposits pledged	(4,165)	(2,677)	–	–	(6,842)
Bank overdrafts	(5,484)	(1,573)	–	–	(7,057)
Cash and cash equivalents (Note 23)	958	(1,188)	732	1,785	2,287

Assets classified as held for sale on the Company's statement of financial position are as below:

	Company 2021 RM'000
Asset classified as held for sale:	
Investment in subsidiaries	
Quoted shares at cost	6,837
Unquoted shares at cost	65,169
Less: Accumulated impairment losses	
Quoted shares	(5,806)
Unquoted shares	(58,657)
	7,543

The net cash flows of EAT, DANAMIN, SUMSEL and MIT are as follows:

	Group				
	EAT RM'000	DANAMIN RM'000	SUMSEL RM'000	MIT RM'000	Total RM'000
Operating	(13,706)	440	4,078	(840)	(10,028)
Investing	(35,201)	(9)	(8,927)	(122)	(44,259)
Financing	45,140	(371)	1,405	(282)	45,892
Net cash (outflows)/inflows	(3,767)	60	(3,444)	(1,244)	(8,395)

24. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(b) Assets classified as held for sale in 2020

On 26 November 2020, the Group via its subsidiary, E.A. Technique (M) Berhad proposed to dispose certain vessels with carrying amount of RM90.40 million. The proposed disposal was approved by the Board of Directors of the subsidiary and was expected to be completed within a year from the reporting date.

	Group 2020 RM'000
Transfer from:	
Property, plant and equipment	90,404
At 31 December	90,404

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables	**60,011**	350,648	**19,193**	18,772
Other payables	**179,676**	204,979	**37,514**	48,203
	239,687	555,627	**56,707**	66,975
Amounts due to:				
Subsidiaries	**–**	–	**92,519**	116,941
Holding corporation	**4,087**	5,053	**3,159**	2,899
Related companies	**5,631**	7,508	**2,665**	4,354
	9,718	12,561	**98,343**	124,194
Total trade and other payables	**249,405**	568,188	**155,050**	191,169

(a) Trade payables

Credit terms granted to the Group and the Company vary from 30 to 90 days (2020: 30 to 90 days).

25. TRADE AND OTHER PAYABLES (CONT'D)

(b) Other payables

Other payables are unsecured and non-interest bearing except for an amount due to the non-controlling interest of a subsidiary of RM6.64 million (2020: RM6.10 million) that bears interest of 6.85% – 9.00% (2020: 6.85% – 9.00%) per annum.

Included in other payables is an amount of RM58.39 million (2020: RM39.46 million) in relation to the provision for litigation as disclosed in Note 37 to the financial statements. The movement of the provision is as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	**39,463**	620
Additional provision for litigation (Note 7)	**18,931**	38,843
At 31 December	**58,394**	39,463

(c) Amounts due to subsidiaries, holding corporation and related companies (non-trade)

These amounts which arose mainly from advances and payments on behalf are generally unsecured and non-interest bearing, other than amounts of RM86.17 million (2020: RM96.37 million) due to subsidiaries which bear interest at rates of 3.05% – 4.11% (2020: 3.56% – 5.22%) per annum.

26. LEASE LIABILITIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amount due for settlement within 12 months	**1,056**	8,224	**962**	699
Amount due for settlement after 12 months	**639**	3,516	**639**	677
	1,695	11,740	**1,601**	1,376
Maturity analysis:				
Not more than 1 year	**1,056**	8,224	**962**	699
Later than 1 year and not later than 5 years	**639**	1,511	**639**	677
Later than 5 years	**–**	2,005	**–**	–
	1,695	11,740	**1,601**	1,376

26. LEASE LIABILITIES (CONT'D)

Set out below are the movements in lease liabilities during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**11,740**	59,918	**1,376**	3,238
Additions	**1,436**	1,457	**1,092**	45
Modification	**(14)**	–	**–**	–
Accretion of interest	**1,100**	3,428	**75**	83
Payments	**(9,542)**	(32,406)	**(942)**	(849)
Exchange differences	**–**	1,093	**–**	–
Transfer to liabilities of disposal group classified as held for sale (Note 24)	**(2,907)**	–	**–**	–
Derecognition	**(118)**	(21,750)	**–**	(1,141)
At 31 December	**1,695**	11,740	**1,601**	1,376

27. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Secured:				
Term loans:				
– Term loan 1	**73,993**	66,129	**47,024**	42,272
– Term loan 2	**39,555**	24,541	**11,083**	6,883
– Other term loans	**–**	154,379	**–**	–
Revolving credits	**–**	9,728	**–**	–
Hire purchase	**99**	1,788	**–**	–
Bank overdrafts	**–**	6,851	**–**	–
Bankers' acceptances	**–**	7,114	**–**	–
	113,647	270,530	**58,107**	49,155
Unsecured:				
Term loan	**–**	800	**–**	800
Revolving credits	**2,000**	50,000	**–**	50,000
	2,000	50,800	**–**	50,800
Current borrowings	**115,647**	321,330	**58,107**	99,955

27. BORROWINGS (CONT'D)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured:				
Term loans				
– Term loan 1	**1,334,170**	1,408,303	**847,584**	894,749
– Term loan 2	**419,759**	468,081	**117,458**	130,996
– Term loan 3	**8,873**	–	**–**	–
– Other term loans	**–**	4,595	**–**	–
Hire purchase	**182**	1,444	**–**	–
	1,762,984	1,882,423	**965,042**	1,025,745
Unsecured:				
Term loan	**–**	23,774	**–**	23,774
Non-current borrowings	**1,762,984**	1,906,197	**965,042**	1,049,519
Total borrowings	**1,878,631**	2,227,527	**1,023,149**	1,149,474
Total borrowings:				
Term loans	**1,876,350**	2,150,602	**1,023,149**	1,099,474
Revolving credits	**2,000**	59,728	**–**	50,000
Hire purchase	**281**	3,232	**–**	–
Bank overdrafts (Note 23)	**–**	6,851	**–**	–
Bankers' acceptances	**–**	7,114	**–**	–
	1,878,631	2,227,527	**1,023,149**	1,149,474

27. BORROWINGS (CONT'D)

Details of the Group's term loans are as follows:

	<---------- Repayment ---------->					
	Year of maturity	Carrying amount RM'000	Within 1 year RM'000	1-2 years RM'000	3-5 years RM'000	Over 5 years RM'000
Group						
31 December 2021						
Islamic financing facilities	2022-2031	1,876,350	113,548	399,434	620,895	742,473
31 December 2020						
Islamic financing facilities	2020-2031	2,055,128	150,556	277,115	403,259	1,224,198
Conventional financing facilities	2021-2030	95,474	95,293	22	25	134
		2,150,602	245,849	277,137	403,284	1,224,332
Company						
31 December 2021						
Islamic financing facilities	2022-2031	1,023,149	58,107	217,164	279,109	468,769
31 December 2020						
Islamic financing facilities	2021-2031	1,099,474	49,955	148,960	211,046	689,513

Hire purchase commitments

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2021 RM'000	2020 RM'000
Minimum hire purchase payments		
Not later than 1 year	**117**	2,190
Later than 1 year but not later than 5 years	**218**	1,495
Later than 5 years	**–**	64
Total minimum hire purchase payments	**335**	3,749
Less: Amounts representing finance charges	**(54)**	(517)
Present value of minimum hire purchase payments	**281**	3,232
Present value of payments		
Not later than 1 year	**99**	1,788
Later than 1 year but not later than 5 years	**182**	1,389
Later than 5 years	**–**	55
Present value of minimum hire purchase payments	**281**	3,232
Less: Amounts due within 12 months	**(99)**	(1,788)
Amount due after 12 months	**182**	1,444

27. BORROWINGS (CONT'D)

Hire purchase commitments (cont'd)

The Group has hire purchase for certain items of machinery, equipment and motor vehicles (Note 11). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term. The hire purchase bore an average interest rate at the reporting date of 3.40% (2020: 3.48%) per annum.

Term loan 1 and 2

The term loans are secured by the following:

(a) Charges over certain property, plant and equipment and right-of-use assets of the Group and Company as disclosed in Notes 11 and 12; and

(b) Charges over certain fixed deposits of the Group as disclosed in Note 23.

Term loan 3

The term loan is secured by the following:

(a) Specific debenture over the assets/equipment to be financed by the bank in relation to the Sedenak Biomethane Generation Plant ("SBGP") project from time to time.

(b) Assignment of the Customer's rights, interests, titles, benefits and proceeds in relation to the Gas Purchase Agreement (Bio-Methane) dated 8th October 2019 including any amendments, supplements, extensions or variations thereto between Gas Malaysia Virtual Pipeline Sdn. Bhd. and the Customer including any agreement to supersede the same.

With regards to the assignment, the same will be enhanced by an Irrevocable Letter of Instruction ("ILI") from the Customer to Gas Malaysia Virtual Pipeline Sdn Bhd to remit the flow of proceeds/payments directly into the Customer's Designated Account to be operated solely by Bank Islam.

(c) Assignment of the Customer's rights, interests, titles, benefits and proceeds (if applicable) in relation to the Project Documents relevant to the SBGP Project including any amendments, supplements, extensions or variations thereto (including any agreement to supersede the same) which includes but are not limited to the following:

(i) Subscription and Shareholders Agreement between Kulim (Malaysia) Berhad and MTC O'REC Sdn. Bhd. dated 1 October 2019;

(ii) Lease Agreement between Mahamurni Plantations Sdn. Bhd. and the Customer dated 31 December 2019;

(iii) Letter of Offer to Purchase Palm Oil Mill Effluent between Mahamurni Plantations Sdn. Bhd. and the Customer dated 1 January 2020; and

(iv) Operation and Maintenance ("O&M") Agreement (when applicable).

(d) Assignment of the Customer's rights, interests, benefits and proceeds (where applicable) in relation to all performance/financial/advance payment bonds, guarantees, liquidated damages, warranties and/or takaful/insurance from existing and forthcoming contracts/agreements/letter of award/letter of acceptance between Customer and the contractors/suppliers/vendors in relation to the SBGP Project.

(e) A Letter of Confirmation as approved by Credit Guarantee Corporation Malaysia Berhad ("CGC") under the Green Technology Financing Scheme ("GTFS").

(f) Any other security arrangement as may be advised by the bank's solicitors and/or the bank's legal department.

27. BORROWINGS (CONT'D)

Significant financial covenants

In connection with significant term loan facilities, the Group and the Company have agreed on the following significant financial covenants with the lenders:

(a) Plantation segment:

(i) The Group shall ensure that commencing from the financial year ended 2020 and thereafter throughout the tenure of facility, Kulim's Malaysian Plantation Division's Financing Payment Coverage Ratio ("FPCR") (including cash balance) is not less than one point two (1.2) times.

(ii) The Group shall ensure that the Gearing Ratio on a consolidated basis shall not throughout the tenure of the Facility at any time exceed one (1) time.

(iii) The Group shall ensure that the Minimum Security Cover of at least one point three (1.30) times for Syndicated Term Financing-I of up to RM1.50 billion and at least zero point five (0.5) times for Term Financing-I up to RM500 million is to be maintained throughout the tenure of the facility.

The borrowings of the Group and Company bear interest at the following rates:

	Group		Company	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Weighted average effective interest rates at the end of reporting period:				
– Term loans	**3.42**	4.94	**3.44**	4.00
– Revolving credits and bankers' acceptances	**3.12**	4.18	**–**	3.38
– Finance lease	**3.76**	3.48	**–**	–
– Bank overdrafts	**6.60**	6.55	**–**	–

28. DERIVATIVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value				
Current liabilities				
Interest rate swap	**–**	3,790	**–**	2,884
Contractual nominal value				
Interest rate swap	**–**	400,000	**–**	300,000

During the previous financial year, the Group and the Company entered into interest rate swap contracts with a notional amount of RM400 million and RM300 million respectively that were designed to convert their floating rate liabilities to fixed rate liabilities to reduce the Group's and Company's exposure to adverse fluctuations in interest rates on its borrowings.

28. DERIVATIVES (CONT'D)

Under the interest rate swap contracts, the Group and the Company paid a fixed rate of interest of 3.89% per annum and received a variable rate based on one month Kuala Lumpur Interbank Offered Rate ("KLIBOR") on the amortised notional amount.

The above interest rate swaps were not designated as a cash flow or fair value hedges and were entered into for a period consistent with the transaction exposure, which is up to the current financial year.

29. RETIREMENT BENEFIT OBLIGATIONS

The Group and the Company operate a defined benefit retirement scheme for its eligible employees, which is unfunded. The estimated obligations under the retirement benefit scheme are based on an actuarial valuation report prepared by a qualified independent actuary on 16 December 2020 covering the period from year 2020 to year 2023.

The movement during the financial year in respect of the Group's and the Company's retirement benefit plan is as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**8,517**	4,478	**2,322**	2,174
Charged to profit or loss	**825**	4,489	**152**	290
Contribution paid	**(1,261)**	(450)	**(165)**	(142)
At 31 December	**8,081**	8,517	**2,309**	2,322

The expenses recognised in the statements of comprehensive income are analysed as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Charged to profit or loss:				
Current service costs included in staff cost (Note 7)	**500**	4,191	**64**	208
Interest costs	**325**	298	**88**	82
	825	4,489	**152**	290

The charge to profit and loss on current service cost was included in administrative expenses.

29. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The retirement benefit obligations are in respect of a non-funded benefit plan. The liabilities are accrued at the present value of the defined benefit obligations using the projected unit method. The principal assumptions used are as follows:

	Group and Company	
	2021	**2020**
Discount rate	**3.9%**	3.9%
Expected rate of salary increase	**4% – 6%**	4% – 6%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 and 31 December 2020 are as shown below:

	Group Increase/(decrease) in defined benefit obligations		Company Increase/(decrease) in defined benefit obligations	
	RM'000	**RM'000**	**RM'000**	**RM'000**
31 December 2021				
Future salary				
– 1% increase/decrease	**1,134**	**(957)**	**275**	**(236)**
Discount rate				
– 1% increase/decrease	**(1,087)**	**905**	**(215)**	**255**
31 December 2020				
Future salary				
– 1% increase/decrease	938	(800)	230	(199)
Discount rate				
– 1% increase/decrease	(984)	824	(199)	235

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting date.

30. DEFERRED TAX (ASSETS) AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	**586,715**	575,672	**194,146**	188,031

30. DEFERRED TAX (ASSETS) AND LIABILITIES (CONT'D)

The movement in the deferred assets and liabilities during the financial year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**575,672**	576,358	**188,031**	185,410
Charged/(credited) to profit or loss (Note 9)				
Property, plant and equipment	**17,628**	(93,710)	**1,691**	4,816
Investment properties	**(27)**	(483)	**129**	(290)
Right-of-use assets	**(16,804)**	87,674	**(585)**	(296)
Biological assets	**6,420**	6,493	**1,119**	386
Payables	**1,528**	(7,624)	**1,147**	(916)
Unutilised tax losses and unabsorbed capital allowances	**2,532**	8,085	**2,668**	28
Receivables	**–**	100	**–**	–
Inventories	**101**	–	**–**	–
Lease liabilities	**37**	(1,221)	**(54)**	(1,107)
	11,415	(686)	**6,115**	2,621
Transfer to disposal group classified as held for sale	**(372)**	–	**–**	–
At 31 December	**586,715**	575,672	**194,146**	188,031
Deferred tax assets (before offsetting)				
Payables	**7,971**	40,774	**2,641**	3,788
Unutilised tax losses and unabsorbed capital allowances	**1,280**	39,788	**1,119**	3,787
Lease liabilities	**454**	491	**384**	330
	9,705	81,053	**4,144**	7,905
Offsetting	**(9,705)**	(81,053)	**(4,144)**	(7,905)
Deferred tax assets (after offsetting)	**–**	–	**–**	–
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**300,303**	350,612	**114,258**	112,567
Right-of-use assets	**281,472**	297,962	**79,033**	79,618
Investment properties	**875**	902	**742**	613
Biological assets	**13,669**	7,249	**4,257**	3,138
Inventories	**101**	–	**–**	–
	596,420	656,725	**198,290**	195,936
Offsetting	**(9,705)**	(81,053)	**(4,144)**	(7,905)
Deferred tax liabilities (after offsetting)	**586,715**	575,672	**194,146**	188,031

30. DEFERRED TAX (ASSETS) AND LIABILITIES (CONT'D)

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

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses, expiring in:		
– 2029	**76,198**	76,910
– 2030	**3,272**	3,272
– 2031	**1,336**	–
	80,806	80,182
Unabsorbed capital allowances	**17,610**	30,996
Other deductible temporary differences	**15,509**	6,367
	113,925	117,545

Deferred tax assets have not been recognised by certain subsidiaries in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The unabsorbed capital allowances and other deductible temporary differences can be carried forward to be deducted from the adjusted income of the subsequent years of assessment indefinitely until it is fully utilised.

31. SHARE CAPITAL

	Group and Company	
	2021 RM'000	2020 RM'000
Issued and fully paid share capital		
4,000,000 ordinary shares with no par value	**1,000**	1,000

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

32. RESERVES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Translation reserve	(a)	**(2,834)**	(9,477)	**–**	–
Fair value reserve	(b)	**1,441**	(6,754)	**881**	(2,588)
Equity transaction reserve	(c)	**(7,653)**	(7,636)	**–**	–
Other reserves	(d)	**(6,108)**	(4,808)	**9,630**	9,630
		(15,154)	(28,675)	**10,511**	7,042

The movements of each category of the reserves during the financial year are disclosed in the statements of changes in equity.

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

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

(b) Fair value reserve

The fair value reserve comprises the cumulative net gains/(losses) on financial assets at fair value through other comprehensive income until the investments are derecognised or impaired.

(c) Equity transaction reserve

The equity transaction reserve comprises the differences between the share of non-controlling interests in subsidiaries acquired/disposed and the consideration paid/received.

(d) Other reserves

Other reserves consist mainly of reserves arising from the scheme of reconstruction, amalgamation, liquidation and merger of certain subsidiaries and fair value gains on investment properties as a result of transfer from owner occupied property.

33. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 December 2021 may be distributed in full as dividends under the single tier system.

34. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

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

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Transaction value for the financial year ended 31 December	
Group	**2021 RM'000**	**2020 RM'000**
Holding corporation		
Johor Corporation		
– Agency fees received	–	500
– Purchase and sales commission received	–	21
– Planting advisory and agronomy fees received	–	412
– Computer charges received	–	4
– Sales of goods	**152**	436
– Rental payable	–	(85)
– Purchase of fresh fruit bunches	–	(19,358)
– Insurance charges	–	32
– Secretarial and share registration fees paid	**(96)**	(493)
– Dividend paid	**(110,478)**	(49,994)
– Interest income on advances	**19,390**	20,196
Other related companies		
Johor Franchise Development Sdn. Bhd.		
– Agency fees received	–	463
– Purchase and sales commission received	–	21
– Purchase of fresh fruit bunches	–	(30,628)
– Planting advisory and agronomy fees received	–	380
– Computer charges received	–	2
– Dividend paid	–	(64)
– Sales of goods	–	349
– Sales of oil palm seedling and bio compost fertiliser	–	175
Damansara Assets Sdn. Bhd.		
– Dividend income	**334**	914
– Computer charges received	**1**	4
– Insurance charges	**2**	–
– Rendering of services	**10**	–

34. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (cont'd)

Group	Transaction value for the financial year ended 31 December 2021 RM'000	2020 RM'000
Other related companies (cont'd)		
Johor Land Berhad		
– Purchase of fresh fruit bunches	**(5,150)**	(3,201)
– Management fees received	**461**	565
– Management fees charged	**(152)**	(518)
– Rendering of services	**958**	637
– Insurance charges	**–**	29
TLP Terminal Sdn. Bhd.		
– Computer charges received	**396**	825
KARA Holdings Sdn. Bhd.		
– Computer charges received	**108**	105
Tenaga Utama (Johor) Berhad		
– Dividend paid	**(65)**	(29)
JCorp Capital Solution Sdn. Bhd.		
– Dividend paid	**(4,218)**	(1,909)
JCorp Capital Holding Sdn. Bhd.		
– Dividend paid	**(239)**	(44)
Absolute Ambient Sdn. Bhd.		
– Services charged	**(357)**	–
KPJ Healthcare Berhad		
– Dividend income	**104**	322
– Rental income	**264**	264
– Rendering of services	**185**	–
– Insurance charges	**41**	–
– Computer charges received	**1**	–
Langsat Marine Terminal Sdn. Bhd.		
– Interest income on advances	**69**	69
Shareholders of a subsidiary, E.A. Technique (M) Berhad		
Dato' Ir. Abdul Hak bin Md Amin		
– Interest charged	**(572)**	(1,106)
Datin Hamidah binti Omar		
– Interest charged	**(274)**	(275)

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2021

34. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (cont'd)

Company	Transaction value for the financial year ended 31 December 2021 RM'000	2020 RM'000
Holding corporation		
Johor Corporation		
– Rental payable	**(637)**	–
– Secretarial fee payable	**–**	(45)
– Dividend	**(110,478)**	(49,994)
– Interest income on advances	**19,304**	20,100
Other related companies		
Intrapreneur Development Sdn. Bhd.		
– Dividend paid	**–**	(64)
Al-Salam REIT		
– Dividend income	**330**	904
Johor Land Berhad		
– Purchase of fresh fruit bunches	**(5,150)**	(3,201)
– Management fees received	**461**	565
– Management fees charged	**(152)**	(518)
Tenaga Utama (Johor) Berhad		
– Dividend paid	**(64)**	(29)
JCorp Capital Solution Sdn. Bhd.		
– Dividend paid	**(4,218)**	(1,909)
Johor Ventures Sdn. Bhd.		
– Dividend paid	**(239)**	(44)
KPJ Healthcare Berhad		
– Dividend income	**104**	322
Absolute Ambient Sdn. Bhd.		
– Services charged	**(357)**	–
Subsidiaries		
Mahamurni Plantations Sdn. Bhd.		
– Sales of fresh fruit bunches	**125,482**	82,877
– Interest income	**921**	657
– Interest expense	**(1,094)**	(13,393)
– Corporate guarantee fees	**–**	3
– Dividend income	**200,000**	318,000

34. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (cont'd)

Company	Transaction value for the financial year ended 31 December 2021 RM'000	2020 RM'000
Subsidiaries (cont'd)		
Kulim Plantations (Malaysia) Sdn. Bhd.		
– Sales of fresh fruit bunches	**42,733**	32,681
– Interest income	**512**	657
– Interest expense	**(127)**	(474)
– Dividend income	**48,000**	31,000
Selai Sdn. Bhd.		
– Interest expense	**(1)**	(268)
– Dividend income	**27,000**	29,000
Ulu Tiram Manufacturing Company (Malaysia) Sdn. Bhd.		
– Interest income	**47**	67
– Dividend income	**1,000**	–
United Malayan Agricultural Corporation Berhad		
– Interest expense	**(31)**	(671)
Kumpulan Bertam Plantations Berhad		
– Interest expense	**(17)**	(263)
– Dividend income	**8,601**	7,646
Sindora Berhad		
– Sales of fresh fruit bunches	**31,207**	15,538
– Interest income	**1,246**	2,076
Danamin (M) Sdn. Bhd.		
– Interest income	**310**	1,491
Kulim Topplant Sdn. Bhd.		
– Interest income	**207**	197
E.A. Technique (M) Berhad		
– Interest income	**26**	27
Kulim Nursery Sdn. Bhd.		
– Purchase of oil palm seedlings and bio compost fertilisers	**(1,964)**	(2,561)
Edaran Badang Sdn. Bhd.		
– Purchase of goods	**(1,143)**	(601)

34. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (cont'd)

Company	Transaction value for the financial year ended 31 December 2021 RM'000	2020 RM'000
Subsidiaries (cont'd)		
Perfect Synergy Trading Sdn. Bhd.		
– Purchase of chemicals	**(979)**	–
Extreme Edge Sdn. Bhd.		
– Purchase of computer hardware and software supplies	**(251)**	(156)
– Services performed for conversion of IT software	**(80)**	(125)
– Maintenance of equipment charged	**(1,491)**	(2,609)
– IT hardware and maintenance services	**(2,165)**	(2,877)
Pinnacle Platform Sdn. Bhd.		
– Services performed on maintenance of IT application systems	**(931)**	(1,906)
EPA Management Sdn. Bhd.		
– Interest expense	**(132)**	(2,074)
– Dividend income	**2,000**	50,002
Kulim Livestock Sdn. Bhd.		
– Interest income	**–**	329

(b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprises all the Directors and top management of the Group and their compensation is disclosed in Note 8.

35. CAPITAL COMMITMENTS

	Group 2021 RM'000	2020 RM'000	Company 2021 RM'000	2020 RM'000
Authorised capital expenditure in respect of property, plant and equipment not provided for in the financial statements at the end of the financial year:				
– Contracted for	**47,683**	57,597	**721**	955
– Not contracted for	**69,118**	25,988	**616**	620
	116,801	83,585	**1,337**	1,575

36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END

(a) Classification of a subsidiary of the Group, E.A. Technique (M) Berhad ("EAT"), as Practice Note 17 ("PN17") Issuer

On 25 February 2022, EAT announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that EAT is classified as a PN17 Issuer as it has triggered the prescribed criteria pursuant to Paragraph 8.04 of Chapter 8 and Paragraph 2.1(e) of PN17 of the Listing Requirements. On 28 February 2022, EAT made further announcement to Bursa Securities that EAT had also triggered Paragraph 2.1(a) of PN17 of the Listing Requirements.

Pursuant to PN17, EAT is required to submit a regularisation plan to either Bursa Securities or Securities Commission Malaysia ("SC") for approval (depending on whether the plan will result in a significant change in the business direction or policy of EAT) within twelve months from the announcement date and to complete the implementation of the plan within the timeframe set by Bursa Securities or SC. Should EAT fail to comply with the obligations to regularise its condition, Bursa Securities may take necessary actions against EAT which may include suspension from the market and de-listing procedures against EAT. Currently, management of EAT is in the midst of finalising the regularisation plan which include, amongst others, the proposed debt restructuring exercise as disclosed in Note 36(b) below.

(b) Proposed debt restructuring exercise by a subsidiary of the Group, E.A. Technique (M) Berhad ("EAT")

On 18 February 2022, EAT filed an Originating Summon at the High Court pursuant to Section 366 and Section 368 of the Act in applying for a scheme of arrangement for EAT's debt restructuring exercise.

On 28 February 2022, the High Court had granted the following orders to EAT:

(i) a restraining order pursuant to Section 368 of the Act ("Restraining Order") for a period of three months which is valid until 31 May 2022. A Restraining Order is an order granted by the court which suspends all legal proceeding against EAT to preserve the status quo of any pending legal proceeding and for legal proceeding not to be commenced. During this interim period, it will also preserve the assets of EAT as an opportunity should be provided to restructure and rehabilitate EAT; and

(ii) an order pursuant to Section 366(1) of the Act to summon meetings of the creditors of EAT or any class of them ("Scheme Creditors") for the purpose of considering and, if thought fit, approving the scheme of arrangement and compromise between EAT and the creditors ("Court Convened Meeting" or "CCM"). Permission was given to EAT to hold the CCM within three months from the date of this order.

The duration of three months for the initial restraining order and the CCM due date can be extended by way of a further Court Order upon application.

As part of the debt restructuring exercise, the related companies of EAT are also included as Scheme Creditors and they are the major group of Scheme Creditors under the proposed scheme. Currently, management of EAT is in the midst of finalising the proposed debt restructuring scheme for the approval of Scheme Creditors during the CCM, which include amongst other, the value of debts owing to the Scheme Creditors. A Proof of Debt exercise will be carried out at a later date for the purpose of determining the value of debts owing to the Scheme Creditors.

The proposed debt restructuring scheme will only be approved through a majority of 75% of the total value of the Scheme Creditors present and voting in the CCM. The date of CCM has not been fixed.

37. MATERIAL LITIGATION AND CONTINGENT LIABILITIES

PT Rambang Agro Jaya ("PT RAJ")

In August 2019, a civil lawsuit was filed by the Ministry of Environment and Forestry in the Central of Jakarta, Indonesia claiming for damages arising from fires that occurred on PT RAJ's land amounting to IDR199.57 billion (RM58.39 million).

On 26 January 2021, the First Level Court ruled that PT RAJ was liable for the fires and fined the subsidiary a sum of IDR137.60 billion (RM39.46 million).

Subsequently on 6 October 2021, the High Court imposed on PT RAJ a higher fine of IDR199.57 billion (RM58.39 million).

PT RAJ has filed an appeal to the Supreme Court on 15 October 2021 and the Court decision is expected to be delivered in August or September 2022.

Accordingly, the Group has made an additional provision of RM18.93 million (2020: RM39.46 million) as disclosed in (Note 25 (b)) which was recorded in other expenses in the statement of comprehensive income.

The Directors are in the midst of reviewing the decision and are considering all available options for their next course of action.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. The Board of Audit and Risk Committee ("BARC") provides independent oversight over the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

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

(a) Credit risk

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

The Group seeks to invest cash assets safely and profitably. The Group has in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any customers.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties.

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

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- Corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries. As at the reporting date, the outstanding guarantees on such facilities amounted to RM1.66 million (2020: RM4.50 million).

Analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised is disclosed in Note 20. The gross carrying amount of the financial assets represents the maximum exposure of credit risk.

Credit risk concentration profile

Other than the amounts due from the holding corporation and subsidiaries, the Group and the Company are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Concentration of credit risk with respect to trade receivables are limited due to the Group's and Company's diverse customer base. The Group and the Company control their credit risk by ensuring their customers have solid financial standing and credit history.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities, which had unutilised balances of RM318.40 million (2020: RM275.08 million) as at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2021				
Financial liabilities:				
Trade and other payables	249,405	–	–	249,405
Borrowings	121,094	1,201,036	976,489	2,298,619
Lease liabilities	1,092	661	–	1,753
Total undiscounted financial liabilities	371,591	1,201,697	976,489	2,549,777

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

(b) Liquidity risk (cont'd)

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

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

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2020				
Financial liabilities:				
Trade and other payables	568,188	–	–	568,188
Borrowings	335,995	772,610	1,655,226	2,763,831
Lease liabilities	8,569	1,574	2,089	12,233
Total undiscounted financial liabilities	912,752	774,184	1,657,315	3,344,252

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2021				
Financial liabilities:				
Trade and other payables	**155,050**	**–**	**–**	**155,050**
Borrowings	**60,886**	**584,645**	**617,109**	**1,262,640**
Lease liabilities	**995**	**661**	**–**	**1,656**
Total undiscounted financial liabilities	**216,931**	**585,306**	**617,109**	**1,419,346**
At 31 December 2020				
Financial liabilities:				
Trade and other payables	191,169	–	–	191,169
Borrowings	103,248	407,727	932,681	1,443,656
Lease liabilities	728	705	–	1,434
Total undiscounted financial liabilities	295,145	408,432	932,681	1,636,259

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk whereas those issued at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings as disclosed below:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial liabilities	**166**	178,908	**–**	–
Floating rate instruments				
Financial liabilities	**1,878,465**	2,048,619	**1,023,149**	1,149,474

Sensitivity analysis for interest rate risk

(i) Cash flow sensitivity analysis for the floating rate instruments

A change of 50 basis points ("bp") in interest rates during the reporting period would result in (decrease)/increase in net income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
50 bp increase in interest rates	**(7,138)**	(7,785)	**(3,888)**	(4,368)
50 bp decrease in interest rates	**7,138**	7,785	**3,888**	4,368

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

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily the United States Dollar ("USD").

The Group's exposure to USD foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade and other receivables	**8,640**	4,132	**–**	–
Cash and bank balances	**11,593**	11,861	**11,549**	11,168
Trade and other payables	**(93,466)**	(137,452)	**–**	–
Borrowings	**(34,455)**	(37,652)	**–**	–
Net exposure	**(107,688)**	(159,111)	**11,549**	11,168

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax and zakat to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit/(loss) net of tax and zakat			
	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD/RM				
– strengthening of USD by 5%	**(4,092)**	6,046	**439**	(424)
– weakening of USD by 5%	**4,092**	(6,046)	**(439)**	424

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and Company are exposed to market price risk arising from its investments in financial instruments.

The Group and the Company are exposed to securities price risk from their investment securities designated at FVTPL and FVOCI.

The objective of the Group and of the Company is to manage investment returns and the price risk by investing in investment grade securities with steady dividend yield.

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

(e) Market price risk (cont'd)

Sensitivity analysis for securities price risk

At the reporting date, a 5% strengthening in the respective shares would have increased the Group's profit before tax and zakat and other comprehensive income by RM0.50 million (2020: RM0.57 million) and RM3.26 million (2020: RM2.85 million) respectively. A 5% weakening would have an equal but opposite effect on the Group's profit before tax and zakat and other comprehensive income.

At the reporting date, a 5% strengthening in the respective shares would have increased the Company's profit before tax and zakat and other comprehensive income by RM0.50 million (2020: RM0.57 million) and RM1.99 million (2020: RM1.81 million) respectively. A 5% weakening would have an equal but opposite effect on the Company's profit before tax and zakat and other comprehensive income.

(f) Fair value

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities:

Group	<------------------ Fair value measurement using ------------------>			
	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
At 31 December 2021				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	**43,232**	**–**	**22,035**	**65,267**
Financial assets at fair value through profit and loss	**13,268**	**–**	**–**	**13,268**
Investment properties	**–**	**–**	**64,205**	**64,205**
Biological assets	**–**	**–**	**69,388**	**69,388**
At 31 December 2020				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	34,774	–	22,298	57,072
Financial assets at fair value through profit and loss	15,046	–	–	15,046
Investment properties	–	–	64,280	64,280
Biological assets	–	–	44,537	44,537
Liabilities measured at fair value				
Derivatives	–	3,790	–	3,790

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

(f) Fair value (cont'd)

Fair value hierarchy (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities (cont'd):

Company	<------------------ Fair value measurement using ------------------>			
	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
At 31 December 2021				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	**28,032**	**–**	**11,734**	**39,766**
Financial assets at fair value through profit and loss	**13,124**	**–**	**–**	**13,124**
Investment properties	**–**	**–**	**50,770**	**50,770**
Biological assets	**–**	**–**	**17,740**	**17,740**
At 31 December 2020				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	23,936	–	12,361	36,297
Financial assets at fair value through profit and loss	14,883	–	–	14,883
Investment properties	–	–	49,480	49,480
Biological assets	–	–	13,077	13,077
Liabilities measured at fair value				
Derivatives	–	2,884	–	2,884

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group and the Company are the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed in Bursa Malaysia Securities Berhad or foreign stock exchanges classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

(f) Fair value (cont'd)

Fair value hierarchy (cont'd)

(iii) Financial instruments in Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs).

Non-financial instrument measurement

The non-financial instruments of the Group and of the Company measured at fair value comprise investment properties as disclosed in Note 13 and biological assets as disclosed in Note 22. The fair value measurement of these assets have been categorised as Level 3 using significant unobservable inputs. There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

39. MFRS 9 FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Company as at 31 December are categorised into the following classes:

Group	Note	2021 RM'000	2020 RM'000
(a) Financial assets measured at amortised cost			
Trade and other receivables (excluding prepayments)	20	**490,733**	482,595
Cash and bank balances	23	**142,164**	170,230
		632,897	652,825
(b) Financial assets/(liabilities) measured at fair value			
Financial assets at fair value through other comprehensive income	18	**65,267**	57,072
Financial assets at fair value through profit or loss	19	**13,268**	15,046
Derivatives	28	**–**	3,790
		78,535	75,908
(c) Financial liabilities measured at amortised cost			
Trade and other payables (excluding provisions)	25	**170,721**	494,403
Lease liabilities	26	**1,695**	11,740
Borrowings	27	**1,878,631**	2,227,527
		2,051,047	2,733,670

39. MFRS 9 FINANCIAL INSTRUMENTS (CONT'D)

The financial instruments of the Group and the Company as at 31 December are categorised into the following classes (cont'd):

Company	Note	2021 RM'000	2020 RM'000
(a) Financial assets measured at amortised cost			
Trade and other receivables (excluding prepayments)	20	**424,577**	390,679
Cash and bank balances	23	**110,414**	107,698
		534,991	498,377
(b) Financial assets/(liabilities) measured at fair value			
Financial assets at fair value through other comprehensive income	18	**32,756**	36,297
Financial assets at fair value through profit or loss	19	**13,124**	14,883
Derivatives	28	**–**	2,884
		45,880	54,064
(c) Financial liabilities measured at amortised cost			
Trade and other payables (excluding provisions)	25	**147,814**	180,897
Lease liabilities	26	**1,601**	1,376
Borrowings	27	**1,023,149**	1,149,474
		1,172,564	1,331,747

40. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group and the Company monitor capital using a gearing ratio, which is total bank financing and borrowed funds (including hire purchase) of the Group divided by shareholders' funds (less intangible assets). The gearing ratios at 31 December 2021 and at 31 December 2020 were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings (Note 27)	**1,878,631**	2,227,527	**1,023,149**	1,149,474
Total equity	**2,762,521**	2,725,194	**1,224,013**	1,024,716
Less: Intangible assets (Note 15)	**–**	(1,764)	**–**	–
	2,762,521	2,723,430	**1,224,013**	1,024,716
Gearing ratio (times)	**0.68**	0.82	**0.84**	1.12

The Group and Company have met their externally imposed financial covenants as described in Note 27 during the financial year.

41. SEGMENT INFORMATION

For management purposes, the Group is organised into strategic business units based on their products and services, and has five reportable segments. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group Management Committee reviews internal management reports for each of the strategic business units on a monthly basis. The operations of each of the Group's reportable segments are summarised below:

Plantation operations	Oil palm planting, crude palm oil processing and plantation management services and consultancy.
Integrated farming	Commercial cattle farming and trading and distribution of tropical fruits.
Oil and gas support services	Sea transportation and oil and gas equipment support services.
Intrapreneur ventures	Information and communication technology business, insurance broking and consultancy, trading and supplying of fertiliser and chemicals and dealer in agricultural machinery and parts.
Properties	Housing development and rental of investment properties.

Other operations of the Group mainly comprise investment holding, tourism, training, and other miscellaneous activities which are not of sufficient size to be reported separately.

Performance is measured based on segment profit before tax and interest as included in the internal management reports that are reviewed by the Group Management Committee. Management believes that segment profits are the most relevant measure by which it can assess the results of the segments against those of other entities operating in the same industries.

41. SEGMENT INFORMATION (CONT'D)

31 December 2021	Plantations		Integrated farming	Oil and gas support services	Intrapreneur ventures	Properties	Other operations	Grand total	Adjustment and elimination	Continuing operations	Discontinued operations	Group
	RM'000 Malaysia	RM'000 Indonesia	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	2,833,014	17,378	12,789	41,387	49,867	14,565	31,475	3,000,475	(1,352,989)	1,647,486	160,556	1,808,042
Results												
Interest income	30,071	60	11	–	97	–	595	30,834	(9,049)	21,785	127	21,912
Finance costs	(49,377)	–	(272)	(1,159)	(177)	–	(22,513)	(73,498)	4,317	(69,181)	(10,433)	(79,614)
Depreciation of property, plant and equipment	(75,263)	(7,269)	(277)	(3,768)	(884)	–	(122)	(87,583)	(1,031)	(88,614)	(43,479)	(132,093)
Amortisation of right-of-use assets	(29,634)	(2,408)	(82)	(119)	(530)	–	(282)	(33,055)	558	(32,497)	(6,846)	(39,343)
Amortisation of intangible assets	–	–	–	–	–	–	(14)	(14)	–	(14)	–	(14)
Share of results of associates and joint venture, net of impairments	–	–	–	–	–	–	(407)	(407)	–	(407)	–	(407)
Profit/(loss) from operating activities	884,403	(66,820)	3,929	(1,178)	868	6,044	(190,789)	636,457	(154,840)	481,617	(135,207)	346,410
Profit/(loss) before tax and zakat	895,546	(66,760)	3,668	(2,337)	788	6,044	(243,563)	593,386	(159,572)	433,814	(145,513)	288,301
Profit/(loss) after tax and zakat	751,987	(68,382)	3,545	(2,250)	(42)	6,044	(243,569)	447,333	(157,929)	289,404	(145,956)	143,448
Earnings/(loss) before interest, tax, depreciation and amortisation	1,049,820	(57,083)	4,299	2,709	2,379	6,044	(220,646)	787,522	(163,416)	624,106	(84,755)	(539,351)
Assets												
Investments accounted for using the equity method	–	–	–	–	–	–	4,058	4,058	–	4,058	–	4,058
Additions to property, plant and equipment	76,531	3,583	77	57,055	920	–	13,319	151,485	(696)	150,789	–	150,789
										–	–	–
Segment assets	5,764,900	112,150	21,764	47,917	42,670	145,379	49,990	6,184,770	(768,431)	5,416,339	544,616	5,960,955
Segment liabilities	2,886,087	392,875	26,316	471,969	26,363	–	29,398	3,833,008	(1,045,984)	2,787,024	411,410	3,198,434

41. SEGMENT INFORMATION (CONT'D)

31 December 2020	Plantations		Integrated farming	Oil and gas support services	Intrapreneur ventures	Properties	Other operations	Grand total	Adjustment and elimination	Continuing operations	Discontinued operations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Malaysia	Indonesia										
Segment revenue	2,205,977	6,696	12,215	30,955	46,339	17,925	53,183	2,373,290	(1,264,351)	1,108,939	303,193	1,412,132
Results												
Interest income	46,169	786	38	461	97	–	3,468	51,019	(26,219)	24,800	298	25,098
Finance costs	(63,192)	–	(471)	(2,809)	(188)	–	(46,422)	(113,082)	22,300	(90,782)	(15,908)	(106,690)
Depreciation of property, plant and equipment	(76,619)	(13,832)	(614)	(3,665)	(1,741)	–	(227)	(96,698)	33	(96,665)	(99,726)	(196,391)
Amortisation of right-of-use assets	(27,940)	15,504	(205)	(329)	(718)	–	(308)	(13,996)	4,488	(9,508)	(38,407)	(47,915)
Amortisation of intangible assets	–	–	–	–	–	–	(24)	(24)	–	(24)	–	(24)
Share of results of associates and joint venture, net of impairments	–	–	–	(223,143)	–	–	(1,852)	(224,995)	–	(224,995)	–	(224,995)
Profit/(loss) from operating activities	673,924	(176,902)	(6,011)	(2,645)	503	(555)	(642,403)	(154,089)	128,616	(25,473)	(64,215)	(89,688)
Profit/(loss) before tax and zakat	693,939	(176,116)	(6,443)	(228,136)	412	(555)	(724,248)	(441,147)	124,697	(316,450)	(79,825)	(396,275)
Profit/(loss) after tax and zakat	640,560	(176,389)	(6,649)	(227,299)	(763)	(555)	(724,620)	(495,715)	101,147	(394,568)	(66,745)	(461,313)
Earnings/(loss) before interest, tax, depreciation and amortisation	861,690	(177,788)	(5,153)	(221,333)	3,059	(555)	(677,291)	(217,371)	97,876	(119,495)	74,216	(45,279)
Assets												
Investments accounted for using the equity method	–	–	–	–	–	–	4,465	4,465	–	4,465	–	4,465
Intangible assets	–	–	–	–	1,642	–	122	1,764	–	1,764	–	1,764
Additions to property, plant and equipment	74,401	24,968	56	109,374	1,767	–	1,937	212,503	–	212,503	–	212,503
Segment assets	5,711,958	159,038	9,697	711,545	39,360	153,437	42,644	6,827,679	(689,199)	6,138,480	–	6,138,480
Segment liabilities	2,927,787	364,567	23,452	848,433	22,935	–	38,156	4,225,330	(812,044)	3,413,286	–	3,413,286

41. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and total assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Total assets	
	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Continuing operations:				
Malaysia	**1,630,108**	1,102,243	**5,257,301**	5,959,211
Indonesia	**17,378**	6,696	**159,038**	179,269
	1,647,486	1,108,939	**5,416,339**	6,138,480
Discontinued operations:				
Malaysia	**160,556**	303,193	**544,616**	–
Total	**1,808,042**	1,412,132	**5,960,955**	6,138,480

42. DIVIDENDS

	2021 RM'000	2020 RM'000
In respect of the financial year ended 31 December 2020:		
First interim dividend of 1,301 sen per share on 4,000,000 ordinary shares, declared on 22 December 2020 and paid on 31 December 2020	**–**	52,040
In respect of the financial year ended 31 December 2021:		
First interim dividend of 2,625 sen per share on 4,000,000 ordinary shares, declared on 15 August 2021 and paid in tranches on 27 August 2021 and 2 December 2021	**105,000**	–
Second interim dividend of 250 sen per share on 4,000,000 ordinary shares, declared on 22 December 2021 and paid on 30 December 2021	**10,000**	–
	115,000	52,040

On 8 April 2022, the Board of Directors approved and declared a final dividend in respect of the financial year ended 31 December 2021, of 875 sen per share on 4,000,000 ordinary shares, amounting to a dividend payable of RM35,000,000. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

43. CHANGES IN BORROWINGS ARISING FROM FINANCING ACTIVITIES

Geographical information

Group	1 January 2021 RM'000	Net changes in bank overdrafts RM'000	Additional hire purchase RM'000	Proceeds from borrowings, net of transaction fees RM'000	Repayment of borrowings RM'000	Borrowing classified as held for sale RM'000	31 December 2021 RM'000
Islamic financing facilities	2,055,127	–	–	137,506	(164,339)	(151,944)	1,876,350
Conventional financing facilities	95,474	–	–	–	(38,540)	(56,934)	–
Revolving credits	59,728	–	–	62,000	(111,268)	(8,460)	2,000
Bank overdrafts	6,851	206	–	–	–	(7,057)	–
Other borrowings	10,347	–	–	9,147	(8,182)	(11,031)	281
Total borrowings from financing activities	2,227,527	206	–	208,653	(322,329)	(235,426)	1,878,631

Group	1 January 2020 RM'000	Net changes in bank overdrafts RM'000	Additional hire purchase RM'000	Proceeds from borrowings, net of transaction fees RM'000	Repayment of borrowings RM'000	Borrowing classified as held for sale RM'000	31 December 2020 RM'000
Islamic financing facilities	2,051,911	–	–	98,920	(95,565)	(139)	2,055,127
Conventional financing facilities	278,110	–	–	11,640	(194,276)	–	95,474
Revolving credits	30,988	–	–	219,000	(190,260)	–	59,728
Bank overdrafts	6,918	(67)	–	–	–	–	6,851
Other borrowings	13,959	–	100	–	(3,712)	–	10,347
Total borrowings from financing activities	2,381,886	(67)	100	329,560	(483,813)	(139)	2,227,527

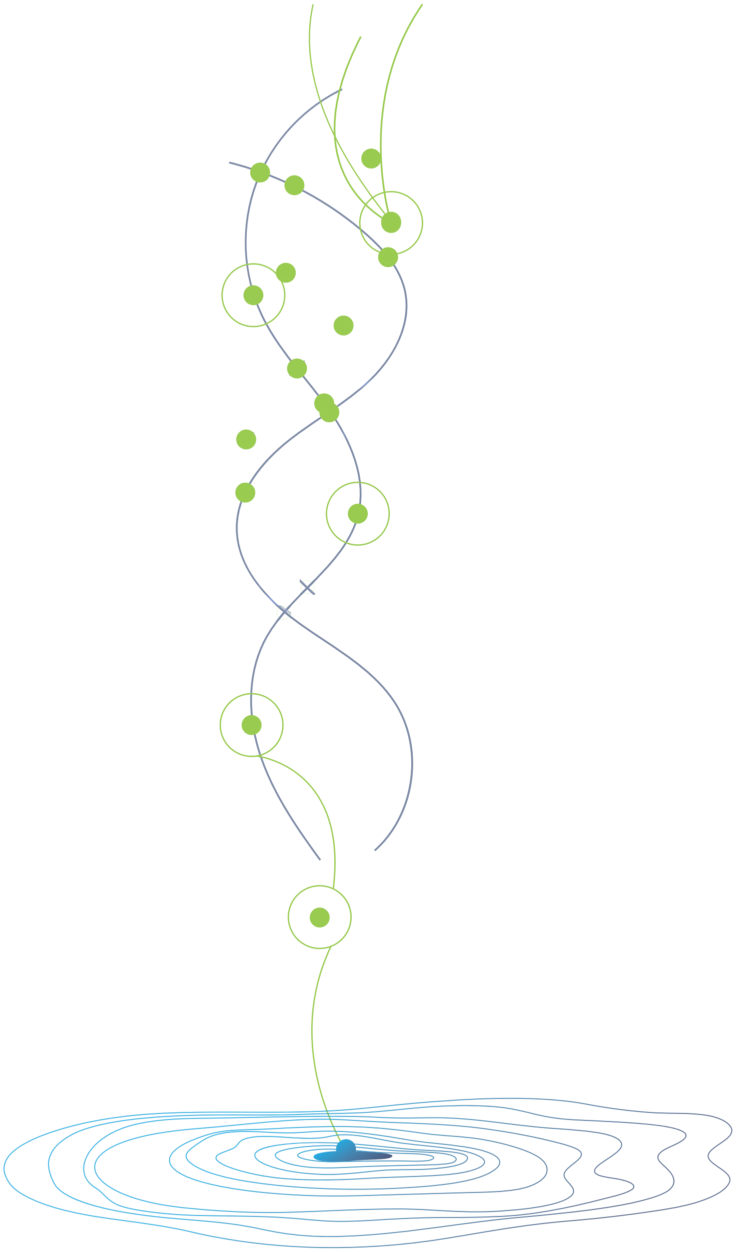
43. CHANGES IN BORROWINGS ARISING FROM FINANCING ACTIVITIES (CONT'D)

Company	1 January 2021 RM'000	Proceeds from borrowings, net of transaction fees RM'000	Repayment of borrowings RM'000	31 December 2021 RM'000
Islamic financing facilities	**1,099,474**	**7,652**	**(83,977)**	**1,023,149**
Revolving credits	**50,000**	**60,000**	**(110,000)**	**–**
Total borrowings from financing activities	**1,149,474**	**67,652**	**(193,977)**	**1,023,149**

Company	1 January 2020 RM'000	Proceeds from borrowings, net of transaction fees RM'000	Repayment of borrowings RM'000	31 December 2020 RM'000
Islamic financing facilities	1,047,768	62,641	(10,935)	1,099,474
Conventional financing facilities	146,000	–	(146,000)	–
Revolving credits	–	219,000	(169,000)	50,000
Total borrowings from financing activities	1,193,768	281,641	(325,935)	1,149,474

44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 April 2022.



KULIM (MALAYSIA) BERHAD
197501001832 (23370-V)

LEVEL 11, MENARA KOMTAR
JOHOR BAHRU CITY CENTRE
80000 JOHOR BAHRU
JOHOR DARUL TAKZIM, MALAYSIA

ULU TIRAM ESTATE
81800 ULU TIRAM, JOHOR DARUL TAKZIM, MALAYSIA
TEL : +607 861 1611   FAX : +607 861 1701

http://www.kulim.com.my