

Embracing Sustainable Living



LAM SOON (M) BERHAD

Registration No.: 198201004526 (84273-H)

ANNUAL REPORT 2022

Naturel



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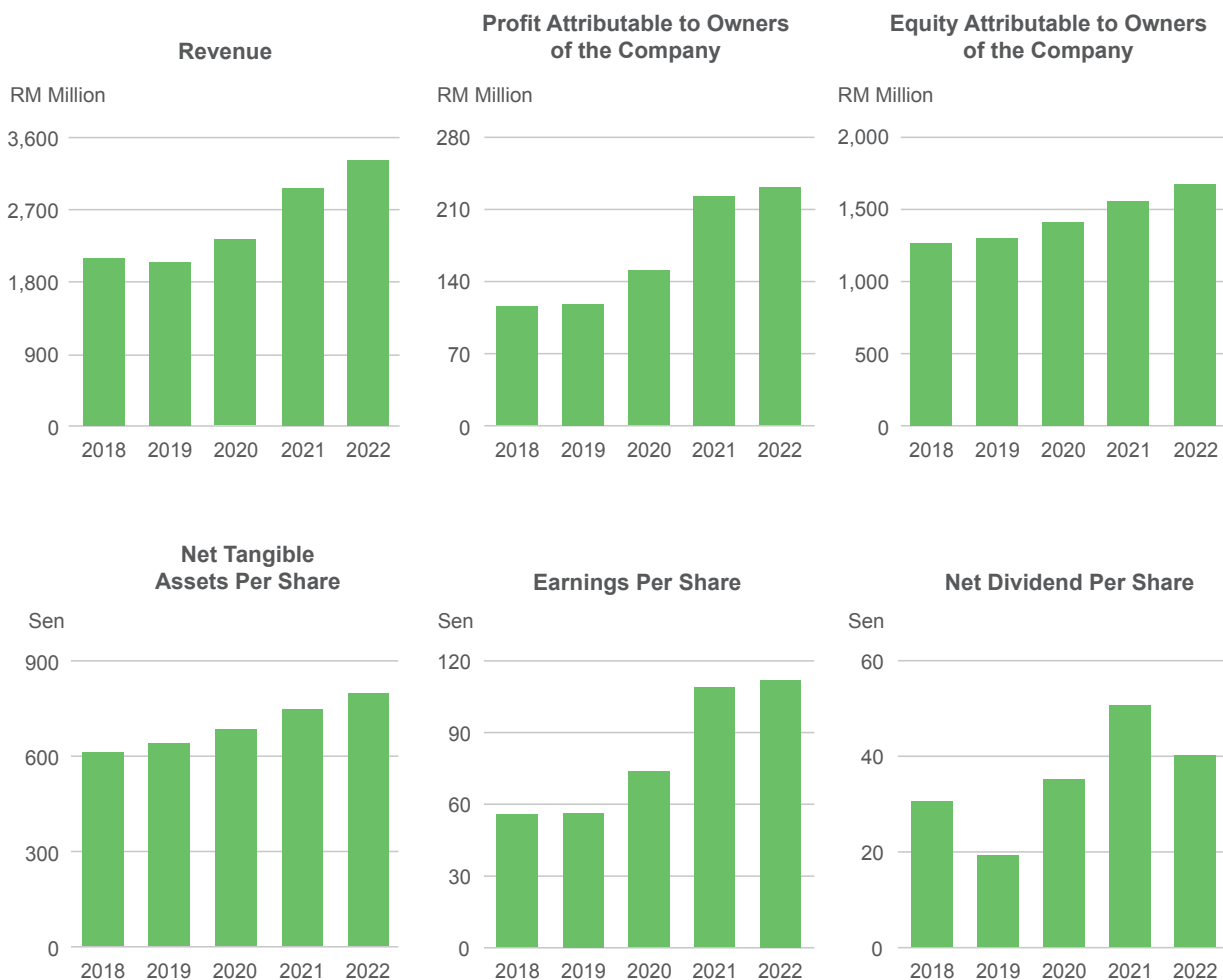
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CORPORATE INFORMATION

BOARD OF DIRECTORS	: Whang Shang Ying <i>Executive Chairman</i>
	Khoo Heng Suan <i>Deputy Executive Chairman</i>
	Datin Shelina binti Razaly Wahid
	Shamsul Bahar bin Shamsudin
	Mah Kim Loong Leslie
	Khong Cheong Foo
	Lo Wye Kan (Alternate to Khong Cheong Foo)
SECRETARY	: Thian Yew Fong <i>MAICSA 7011924</i> <i>SSM PC No. 202008001039</i>
AUDITORS	: Mazars PLT <i>Chartered Accountants</i>
SOLICITORS	: Adnan Sundra & Low
PRINCIPAL BANKERS	: CIMB Bank Berhad Malayan Banking Berhad RHB Bank Berhad
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Wisma DLS, No. 6, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan. Telephone : +60-(0)3-7882 2399 Fax : +60-(0)3-5569 2297 Website : www.lamsoon.com.my Email : lamsoonpj@lamsoon.com.my
SHARE REGISTRAR	: Boardroom Share Registrars Sdn. Bhd. 11 th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Telephone : +60-(0)3-7890 4700 Fax : +60-(0)3-7890 4670

5-YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Years Ended 31 st December (RM Million)				
	2018 (Restated)	2019	2020	2021	2022
Revenue	2,194	2,155	2,422	3,021	3,361
Profit Before Tax	156	157	214	334	352
Profit Attributable to Owners of the Company	118	119	157	232	237
Equity Attributable to Owners of the Company	1,308	1,363	1,466	1,591	1,715
Net Tangible Assets Per Share (Sen)	608	633	682	740	798
Earnings Per Share (Sen)	55.0	55.6	73.3	108.3	110.3
Net Dividend Per Share (Sen)	30.0	19.0	35.0	50.0	40.0



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of LAM SOON (M) BERHAD will be conducted entirely through live streaming from the Broadcast Venue at Symphony Square Auditorium, 3A Floor, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 June 2023 at 3:00 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note 1)
2. To approve the payment of the following dividends in respect of the financial year ended 31 December 2022:
 - 2.1 A Final Single Tier Dividend of 5.0 sen per share. **(Ordinary Resolution 1)**
 - 2.2 A Special Single Tier Dividend of 10.0 sen per share. **(Ordinary Resolution 2)**
3. To approve the payment of Directors' fees for the financial year ended 31 December 2022. **(Ordinary Resolution 3)**
4. To re-elect the following Directors who retire by rotation in accordance with Article 78 of the Constitution of the Company and being eligible, offer themselves for re-election:
 - 4.1 Mr. Whang Shang Ying **(Ordinary Resolution 4)**
 - 4.2 Y. Bhg. Datin Shelina binti Razaly Wahi **(Ordinary Resolution 5)**
5. To re-elect Encik Shamsul Bahar bin Shamsudin who retires by rotation in accordance with Article 85 of the Constitution of the Company and being eligible, offers himself for re-election. **(Ordinary Resolution 6)**
6. To re-appoint Messrs. Mazars PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

THIAN YEW FONG
MAICSA 7011924
SSM PC No. 202008001039
Company Secretary

Shah Alam
26 May 2023

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTES:

- i) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the Meeting to be physically present at the main venue of the Meeting in Malaysia.*

*Shareholders/proxies **WILL NOT BE ALLOWED** to attend this 41st Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the Meeting.*

Shareholders are to attend, (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Electronic Voting ("RPEV") facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") via the Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com>.

- ii) *A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- iii) *The instrument appointing the proxy must be deposited at Boardroom's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or by electronic submission via BSIP at <https://investor.boardroomlimited.com> (eProxy) not less than 24 hours before the time for holding the Meeting or any adjournment thereof.*

EXPLANATORY NOTE 1:

Audited Financial Statements and Reports of Directors and Auditors

The Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon laid at this Meeting pursuant to Section 340 of the Companies Act 2016 are meant for discussion only. As such, it does not require shareholders' approval and shall not be put forward for voting.

MESSAGE FROM THE EXECUTIVE CHAIRMAN

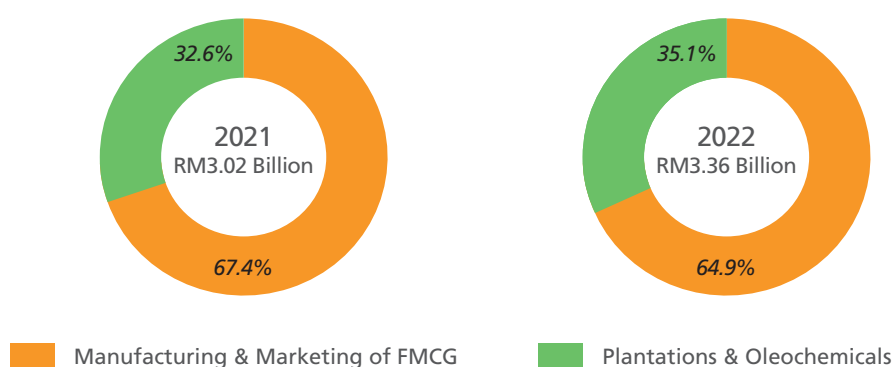
INTRODUCTION

On behalf of the Board of Directors, I am pleased to present the Annual Report of LAM SOON (M) BERHAD for the financial year ended 31 December 2022.

2022 has been quite a roller-coaster ride for us as commodities markets across the world continued to witness immense volatility. Prices which attained new highs during the early part of the year were further fuelled by the Russia-Ukraine conflict. Against an already tight global supply, the introduction of Indonesian policies limiting exports caused the price of crude palm oil ("CPO") to peak at an all-time high of RM8,700/MT in March. To contain the higher inflation, major central banks worldwide rallied by tightening monetary policies. The impact on global growth projections and above all, the supply and demand complex, was further exacerbated by China's zero-COVID policy. And when the Indonesian Government reversed its export ban subsequently, CPO prices spiralled downwards to RM3,300/MT at the close of September. Notwithstanding the above, the business of our Group has remained resilient thanks to our cautious approach and prudent hedging of our CPO positions.

Group profit before tax managed to close at RM351.59 million (2021: RM334.06 million) while group revenue grew by 11.3% to RM3.36 billion (2021: RM3.02 billion). Extreme fluctuations in CPO prices translated into cost pressures on the fast-moving consumer goods ("FMCG") segment, thus reducing profitability. This was however, partially offset by higher profit before tax from our Plantations and Oleochemicals segment. At company level, dividends received from subsidiaries, associates, and other investments, increased by 10.9% to RM141.43 million (2021: RM127.55 million); this led to higher profit before tax of RM144.06 million (2021: RM123.57 million).

REVENUE BY BUSINESS ACTIVITY



FAST-MOVING CONSUMER GOODS

Lam Soon Edible Oils Sdn. Bhd. ("LSEO")

With the opening of our national borders and relaxation of COVID-19 restrictions, normalisation of domestic consumption helped boost the Malaysian economy which, in tandem, enabled LSEO total revenue to grow by 6.4% to RM2.17 billion (2021: RM2.04 billion). However, the sharp CPO price downtrend, coupled with the removal of cooking oil subsidy and a lower fixed ceiling price imposed by the Government, resulted in lower profit before tax of RM113.46 million (2021: RM133.67 million). Faced with cost pressures from various global supply chain issues, LSEO initiated a re-engineering of our supply chain management which improved our operational efficiency (100+ containers backlog recovery) for East Malaysia. LSEO also saved costs by eliminating demurrage charges.

Southern Lion, accounting for the largest part of our Agency business, grew by 10.3%. Its key Fabric Care business grew by 14.7%, driven by Top Liquid and Biozip Magical Bloom launched in 2nd quarter of 2022.

Our dairy business, as exclusive national distributor of Arla Foods, continues to grow strongly and achieved RM114.72 million in sales, or 15.1% growth. Despite steep increase in dairy prices due to the Russia-Ukraine war, we managed to lock in major HORECA customers by signing long term supply contracts. This helped in mitigating the decline in the bakery ingredients channel due to reduced home-baking activities following normalisation of back-to-office work.

Our beverage affiliate, Ace Canning, rebounded with 27.1% growth after performing poorly during COVID-19 lockdowns in 2020 and 2021. The improved domestic consumption during festivities such as Hari Raya and Chinese New Year helped drive the growth for its Drinho and Homesoy range.

In January 2022, we completed the acquisition of Silk Vietnam (“SV”), a strategic transaction to support LSEO business expansion. SV is a manufacturer of household and personal care products with facilities in Vietnam. It supplies much of LSEO’s Antabax product range. Post-acquisition, LSEO restructured the supply chain, which significantly improved monthly on-time fulfilment rate. Our new subsidiary contributed with profit before tax of RM1.74 million.

Southern Lion Sdn. Bhd. (“SLSB”)

SLSB, your Company’s 50% associate, managed to deliver an annual revenue of RM723.06 million (2021: RM652.95 million), an increase of 10.7% over the previous year. All business segments enjoyed faster growth, the largest being registered by fabric care (+13.5%). TOP detergent continued with its innovative leadership with the relaunch of TOP Super Colour and Colour Protect, incorporating 5D Colour Protech technology to keep bright colours vibrant and dark colours deep and solid. Within the polybag detergent segment, BioZip launched the Magical Bloom variant, which helped to consolidate the brand’s dominant position in the segment. However, profit after tax, which was negatively impacted by higher cost of raw materials, declined to RM11.57 million (2021: RM20.61 million).

Marketing Activities

Notwithstanding the challenges of acute supply chain disruptions, high commodity prices and the impact of CPO price crash and government policy changes affecting bottled refined cooking oil, the Group sustained its leadership market share in its core product categories such as Cooking Oil, Chilled Spread and Fabric Care. At the same time, we executed savings and efficiencies initiatives that moderated the impact of extremely high commodity prices.

FY 2022/2021 Nielsen Market Pulse reported 5.4% volume decline in overall dry grocery categories, recognising the normalising or declining consumption of dry groceries, following which the Group shifted its emphasis to the non-food and mid-priced product categories to sustain growth. **Antabax**, our anti-bacterial brand, recorded the highest growth among top brands in medicated liquid shower. We achieved this through strategic digital marketing of its “Bax-in-Action” 2.0 campaigns and channel programmes.

Our Group’s resilience is the culmination of years of consistent brand building. The following brand accolades and awards testify to our bonds with our consumers:

Brands	Awards
Knife	2022 Reader’s Digest Trusted Brand Award (Platinum)
	2022 Brand Laureate Award (Most Iconic Brand - Cooking Oil)
	2022 Baby Talk & Mama Papa Readers’ Choice Awards (Best Soy Sauce) *
	2022 Baby Talk & Mama Papa Readers’ Choice Awards (Best Sesame Oil) *
Cap Buruh	2022 Reader’s Digest Trusted Brand Award (Gold)
Naturel	2022 Reader’s Digest Trusted Brand Award (Gold)
	2022 Brand Laureate Award (Best Choice Award in Consumer – Olive Oil)
	2022 Baby Talk & Mama Papa Readers’ Choice Awards (Best Health Oil, Best Olive Oil and Best Organic Pasta) *
Antabax	2022 Brand Laureate Award (Brand Influencer – Derma Protection Solutions)

*Baby Talk & Mama Papa Magazines

Manufacturing Activities

In line with the Company's emphasis on product quality and food safety, the Teluk Panglima Garang ("TPG") factory successfully obtained the re-certification of HACCP certification in 2022. Likewise, ISO 9001, ISO 14001, MS682, Halal, MSPO and RSPO supply chain certification systems are well maintained, highlighting our continuous improvement in our risk-based approach to manufacturing and business management.

Several improvements were made to the existing processing plant at the TPG facility during the year:

- Installation and commissioning of robotic palletisers in oil packaging line, improving work efficiency, and reducing manpower.
- Commissioning of new filling machine of the detergent line, replacing the existing equipment that has been in use for 10 years, while increasing production capacity by 20%.
- Installation of skirting boards and support bars, as well as the placement of restraints in the container parking area to enhance workplace safety features.

Meanwhile, Pasir Gudang ("PSG") factory has been working with the Malaysia Ministry of Health ("MOH") to comply with new labelling requirements which come into effect 1 January 2024. These involve updating the ingredients list declaration and the nutrition information panel to include mandatory declarations of total sugars and sodium. The changes will give consumers access to clear, accurate and up-to-date information about the food products they are buying and consuming, so that they can make informed decisions about their dietary choices. Working alongside with MOH, PSG was moreover able to register their factory products and meet China's regulatory requirements ahead of the implementation date – thus enabling expansion into their market while ensuring compliance with their regulations.

Several improvements were made to the existing processing plant at the PSG facility during the year:

- Installation of a digital radar system with HMI touch screen which provides higher accuracy with data recording feature as part of the measures for continuously embracing industry 4.0 development.
- Installation of a fall arrestor system for all unloading bays to improve on workplace safety.
- A further 4 storage tanks were enhanced with nitrogen blanketing system to preserve the quality of oil storage.

PLANTATIONS & OLEOCHEMICALS

Lam Soon Plantations Sdn. Bhd. ("LSP")

LSP at the group level achieved revenue of RM1,183.34 million (2021: RM973.16 million) with profit before tax of RM222.63 million (2021: RM183.38 million).

At the company level, it reported revenue of RM158.46 million (2021: RM113.29 million) while profit before tax was at RM132.38 million (2021: RM99.65 million). Good results were achieved both in terms of higher production volume of 14.7% and higher average selling price of RM5,102/MT (2021: RM4,198/MT).

Dara-Lam Soon Sdn. Bhd. ("DLS")

Shortage of plantation labour was further aggravated during 2022, thus crippling many operations throughout Malaysia. It was not uncommon to see longer harvesting rounds and unpruned palms, thus resulting in enormous field losses across the entire country. The estate at DLS, Pahang, our 40% associate, was not spared as it too faced similar operational challenges. In addition, unfavourable weather conditions also impacted production negatively. However, our successful implementation of in-field mechanisation managed to minimise crop losses. This strategy, coupled with prudent management practices, helped to contribute higher profit before tax of RM76.78 million (2021: RM65.13 million) or an increase of 17.9%.

DLS contributed a net profit of RM24.36 million (2021: RM19.35 million) to the Group's results, an increase of 25.9%.

Pacific Oleochemicals Sdn. Bhd. ("POC")

The global economic situation was challenging, and the sales volume was affected and reduced by 10.6%. Nevertheless, the company's established multinationals customer base and focus on delivering high quality value-added products to meet their requirements enabled it to sustain its business.

POC registered higher revenue at RM1,020.90 million (2021: RM855.83 million) and improved profit before tax of RM118.56 million (2021: RM111.22 million). Profit after tax was also higher at RM87.64 million (2021: RM83.41 million).

To enhance production productivity, POC has successfully implemented robotics and automation in its operations.

SUSTAINABILITY AND COMMUNITY INITIATIVES

Sustainability is an integral part of the Lam Soon Group. We endeavour to embed sustainability in all material areas of our operations in a responsible manner. The Sustainability Steering Committee and its supporting working groups actively obtain feedback from internal and external stakeholders to create meaningful sustainability programmes with a view to achieving the United Nations' Sustainable Development Goals ("SDGs").

Waste Management Initiatives

- Pasir Gudang:
 - Reduction of schedule waste SW401 (spent caustic soda) disposal through partially diverting for neutralising at in-house wastewater treatment plant without jeopardising operation.
 - Reclassification of spent bleach earth (SW311) as 'general waste fit for reprocessing to animal feed or bio diesel' approved by the Department of Environment. This not only reduced the schedule waste disposal costs but also created a new income stream.
- POC: Initiated 3 internal programmes to reduce problematic plastic usage – ban on usage of polystyrene food foam containers; replacing polystyrene sheets with plain board for container loading; and rolled out recyclable ECO-bags to replace all laminated paper bags as the main packaging.
- Glenmarie headquarters: Implemented a ban on all single-use styrofoam food containers beginning 1 November 2022 and in support of this programme, subsidised the purchase of reusable lunch boxes.

Energy Efficiency and Conservation

- Pasir Gudang:
 - Reduce diesel consumption via planning optimisation and process temperature control at refinery plant and changing from diesel to battery-operated forklifts.
 - Reduce electricity consumption by replacing old air compressors with new unit with higher efficiency and lower carbon dioxide ("CO₂") emission for Margarine and Fats plant.
 - Reduction of water consumption through recirculating of water for jacket cooling equipment at wastewater treatment plant.
- POC: Commissioned a 3.4MV Cogen Plant that is capable to avoid 6,000MT of CO₂ emissions per annum. The completion of the plant in December 2022 was timely following the electricity tariff rose by 39% since January 2023.
- LSP: Awarded a Biogas plant to be commissioned by end of 2023 – to reduce palm oil mill fossil fuel consumption by 80%.
- Conversion to LED lightings for the TPG, PSG and POC factories.

In our efforts to provide better housing for our staff and workers, one unit of Manager's bungalow, two blocks of semi-detached non-executive staff's house and four blocks (four units per block) of worker's house were constructed in our Group's plantation estates in Lahad Datu, Sabah and in Muadzam Shah, Pahang.

The Group joined Malaysia Recycling Alliance ("MAREA") since May 2022 as a Main Contributor to collaborate on improving collection and recycling rates so as to achieve a greener, cleaner Malaysia and a more sustainable waste-reduced future.

PROSPECTS

Ahead of us awaits a year of turbulent business environment from the continued high prices of key inputs, tightening monetary policy, weakening domestic demand and the prospect of a world recession. Global inflation is expected to moderate but remains elevated for many countries.

Bank Negara Malaysia projects that the Malaysian economy will grow between 4.0% to 5.0% in 2023, supported by firm domestic demand. This has been supported by the recent report from Department of Statistics Malaysia stating that year-to-date March 2023 wholesale & retail trade (excluding motor vehicles) have grown by 12.0% vs last year (mostly led by retail trade by 19.5%). Nevertheless, consumer sentiment is expected to weaken in 2023, amid rising inflationary pressures and an interest rate hike cycle. Consumers are likely to trade down or look for cheaper alternatives even for daily essentials.

Amidst the global uncertainty and domestic economic resiliency, the Management at Lam Soon Group will continue to adapt to the changing environment by remaining agile, paying close attention to costs and by having the courage to innovate progress whilst preserving our core values.

DIVIDENDS

During the year, our Company paid two (2) single tier interim dividends of 15.0 sen and 10.0 sen per share amounting to the total of RM53.68 million for the financial year ended 31 December 2022 (2021: 30.0 sen per share or RM64.42 million).

In view of the above challenges, your Board is proposing for shareholders' approval at the forthcoming Annual General Meeting, the payment of a final single tier dividend of 5.0 sen per share and a special single tier dividend of 10.0 sen per share, amounting to RM32.21 million (2021: special of 20.0 sen per share or RM42.94 million).

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

The proposed final single tier and special single tier dividend will bring the total net dividend payments for the financial year ended 31 December 2022 to 40.0 sen per share or RM85.89 million (2021: 50.0 sen per share or RM107.36 million).

APPRECIATION

On behalf of my fellow Directors, I would like to take this opportunity to record our sincere thanks to Yang Bahagia Dato' Haji Abdul Mutalib bin Datuk Seri Mohamed Razak for his counsel and contribution during his tenure on the Board. At the same time, I would like to extend a warm welcome to Encik Shamsul Bahar bin Shamsudin for his appointment to the Board.

In closing, I would like to thank the Management for the various concerted efforts taken in midst of all the challenging business environmental factors. The significant progress our Group has made over the years would not have been possible without the support of key stakeholders – our customers, bankers, business partners, government authorities, shareholders, and our loyal workforce. We will continue to draw upon the strengths, talents, and dedication of our people in ensuring the success of future strategic prospects.

I would also like to express my appreciation to my fellow Board members for their support and invaluable advice throughout the year.

Whang Shang Ying
Executive Chairman

16 May 2023

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment and property holding.

The principal activities of the subsidiaries are indicated in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	268,704	142,346
Attributable to:		
Owners of the Company	236,909	142,346
Non-controlling interests	31,795	-
	268,704	142,346

DIVIDENDS

The amounts of dividends paid and declared by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
- Special single-tier dividend of 20 sen per share, paid on 3 August 2022	42,944
In respect of the financial year ended 31 December 2022:	
- First interim single-tier dividend of 15 sen per share, paid on 26 October 2022	32,208
- Second interim single-tier dividend of 10 sen per share, paid on 21 December 2022	21,472
	96,624

The directors now recommend the payment of a final single-tier dividend of 5 sen per share and a special single-tier dividend of 10 sen per share amounting to RM32,208,002 for the financial year ended 31 December 2022, subject to approval of the shareholders at the forthcoming annual general meeting of the Company. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

SHARE OPTIONS

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

RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

ULTIMATE HOLDING COMPANY

The directors regard Lam Soon Cannery Private Limited, a company incorporated in the Republic of Singapore, as the ultimate holding company.

SUBSIDIARIES

Details of the subsidiaries are set out in Note 8 to the financial statements. There is no qualified auditors' report on the financial statements of the subsidiaries for the financial year in which this report is made.

As at the end of the financial year, the subsidiaries did not hold any shares in the ultimate holding company or in other related corporations.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Mr. Whang Shang Ying

Mr. Khoo Heng Suan

Mr. Mah Kim Loong Leslie

Y. Bhg. Datin Shelina binti Razaly Wahi

Mr. Khong Cheong Foo

(Appointed on 10 March 2022)

Mr. Lo Wye Kan (Appointed as alternate director to Mr. Khong Cheong Foo on 10 March 2022)

Encik Shamsul Bahar bin Shamsudin (Appointed on 17 November 2022)

Mr. Quick Back Heng @ Kuek Bak Heng (Resigned on 8 March 2022)

Y. Bhg. Dato' Haji Abdul Mutalib bin Datuk Seri Mohamed Razak (Resigned on 14 November 2022)

The names of the directors of the Company's subsidiaries who served on the respective board of the subsidiaries since the beginning of the financial year to the date of this report are disclosed in the Appendix to the financial statements.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES

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

	<----- Number of ordinary shares ----->			
	At 1-1-2022	Bought	Sold	At 31-12-2022
The Company				
Mr. Whang Shang Ying				
- direct interest	-	3,000	-	3,000
- deemed interest	129,477,627	-	-	129,477,627
Mr. Khoo Heng Suan				
- direct interest	23,000	-	-	23,000
- deemed interest	3,522,185	-	-	3,522,185
Lam Soon Cannery Private Limited (Ultimate Holding Company)				
Mr. Whang Shang Ying				
- direct interest	71,387,108	-	-	71,387,108
Lam Soon Strategic Sdn. Bhd. (Immediate Holding Company)				
Mr. Whang Shang Ying				
- direct interest	98,914	-	-	98,914
- deemed interest	511,094	-	-	511,094
Mr. Khoo Heng Suan				
- deemed interest	17,000	-	-	17,000
Mr. Lo Wye Kan				
- direct interest	345	-	-	345
Subsidiaries of the Immediate Holding Company				
Alpha Management Services Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	1,999,996	-	-	1,999,996
Mr. Khoo Heng Suan				
- direct interest	4	-	-	4
Lam Soon Management Services Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	79,999	-	-	79,999
Mr. Khoo Heng Suan				
- direct interest	1	-	-	1

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES (cont'd)

	<----- Number of ordinary shares ----->			
	At 1-1-2022	Bought	Sold	At 31-12-2022
Dara-Lam Soon Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	51,000,000	-	-	51,000,000
Subsidiary of Dara-Lam Soon Sdn. Bhd.				
DLS Properties Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	9,070,000	-	-	9,070,000
Mr. Khoo Heng Suan - deemed interest	60,000	-	-	60,000
Urbanspace Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	34,399,371	2,644,749	-	37,044,120
Subsidiary of Urbanspace Sdn. Bhd.				
Asas Awana Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	1,000,000	-	-	1,000,000
Subsidiaries of the Company				
Lam Soon Plantations Sdn. Bhd.				
Mr. Whang Shang Ying - direct interest	9,075,393	2,588,400	-	11,663,793
- deemed interest	224,273,313	-	-	224,273,313
Mr. Khoo Heng Suan - deemed interest	15,731,360	5,176,800	-	20,908,160
Lam Soon Edible Oils Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	111,702,294	-	-	111,702,294
Mr. Khoo Heng Suan - direct interest	2,000	-	-	2,000
Rennes Properties Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	113,947,932	-	-	113,947,932

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES (cont'd)

	<----- Number of ordinary shares ----->			
	At 1-1-2022	Bought	Sold	At 31-12-2022
Lam Soon Commodities Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	2,000,003	-	-	2,000,003
Lam Soon Food Industries Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	1,050,000	-	-	1,050,000
Lam Soon Distribution Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	2	-	-	2
Subsidiaries of Lam Soon Plantations Sdn. Bhd.				
Pacific Oleochemicals Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	100,000,000	-	-	100,000,000
LS Cyber DC Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	50,000,000	-	-	50,000,000
Pacoleo Pte. Ltd.				
Mr. Whang Shang Ying - deemed interest	2	-	-	2
Subsidiaries of Lam Soon Edible Oils Sdn. Bhd.				
LM Services Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	10,000	-	-	10,000
Lam Soon Trading Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	2,785,000	-	-	2,785,000
Silk Holdings Pte. Ltd.				
Mr. Whang Shang Ying - deemed interest	-	6,971,059	-	6,971,059

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' INTERESTS IN SHARES (cont'd)

	<----- Number of ordinary shares ----->			
	At 1-1-2022	Bought	Sold	At 31-12-2022
Subsidiary of Silk Holdings Pte. Ltd.				
Silk Vietnam Company Limited				
Mr. Whang Shang Ying - deemed interest	-	*	-	*

* Silk Vietnam Company Limited has no individual share units and the total paid-up capital in Silk Vietnam Company Limited as at 31 December 2022 was VND102,682,350,000.

By virtue of their interests in shares in the Company, immediate and ultimate holding companies, Mr. Whang Shang Ying and Mr. Khoo Heng Suan are deemed to have interests in shares of all subsidiaries to the extent the Company, immediate and ultimate holding companies have an interest.

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' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no directors of the Company have received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen from transactions with companies in which certain directors of the Company have financial interests as shown below:

	Group RM'000	Company RM'000
Directors' fees	2,300	270
Other emoluments	22,861	-
<hr/>		
Purchases from companies in which certain directors of the Company have financial interests	3	-
<hr/>		

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group are RM10,000,000 and RM33,487 respectively.

OTHER INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain the action 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 adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records 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:
- (i) which would render the amount written off as 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; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) 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.
- (d) No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

AUDITORS

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payments have been made to indemnify the auditors for the current financial year.

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM455,151 and RM85,000 respectively.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

WHANG SHANG YING
Director

16 May 2023

KHOO HENG SUAN
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAM SOON (M) BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lam Soon (M) Berhad, which comprise the statements of financial position as at 31 December 2022 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 23 to 95.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAM SOON (M) BERHAD (cont'd)

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.

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 ISA 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 ISA, 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 of 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 or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAM SOON (M) BERHAD (cont'd)

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 8 to the financial statements.

Other Matter

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

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

CHONG FAH YOW
03004/07/2024 J
Chartered Accountant

Kuala Lumpur

16 May 2023

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	367,519	329,608	401	433
Investment properties	4	75,003	77,513	64,451	67,521
Land held for property development	5	62,266	62,266	-	-
Right-of-use assets	6	146,621	149,922	174	262
Intangible assets	7	2,572	2,572	-	-
Investments in subsidiaries	8	-	-	379,715	379,715
Investments in associates	9	149,221	143,571	11,135	11,135
Other investments	10	523	522	298	298
Deferred tax assets	11	4,693	5,185	-	-
		808,418	771,159	456,174	459,364
CURRENT ASSETS					
Inventories	12	424,422	453,039	-	-
Biological assets	13	2,703	3,765	-	-
Trade and other receivables	14	314,192	363,070	546	329
Amounts owing by subsidiaries	8	-	-	295	273
Amount owing by an associate	9	9,883	10,456	-	-
Amounts owing by related companies	15	5,692	5,866	-	-
Short term investments	16	654,908	632,310	460,271	433,350
Current tax assets		29	62	-	-
Derivatives	17	4,799	1,759	-	-
Short term deposits	18	91,487	58,321	-	150
Cash and bank balances	19	23,880	15,179	146	162
		1,531,995	1,543,827	461,258	434,264
TOTAL ASSETS		2,340,413	2,314,986	917,432	893,628
EQUITY					
Share capital	20	214,720	214,720	214,720	214,720
Reserves	21	1,500,708	1,376,078	696,370	650,647
Equity attributable to owners of the Company		1,715,428	1,590,798	911,090	865,367
Non-controlling interests		132,135	99,763	-	-
TOTAL EQUITY		1,847,563	1,690,561	911,090	865,367

STATEMENTS OF FINANCIAL POSITION (cont'd)

31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
NON-CURRENT LIABILITIES					
Lease liabilities	6	11,167	12,549	94	185
Deferred tax liabilities	22	24,814	22,643	1,682	1,640
Bank borrowings	23	6,479	4,929	-	-
		42,460	40,121	1,776	1,825
CURRENT LIABILITIES					
Trade and other payables	24	233,885	291,004	4,342	26,040
Amount owing to a subsidiary	8	-	-	90	5
Amount owing to immediate holding company	25	15	12	-	-
Amount owing to an associate	9	90,803	92,890	-	-
Amounts owing to related companies	15	14,214	14,435	-	2
Lease liabilities	6	8,177	7,029	91	87
Bank borrowings	23	91,815	153,734	-	-
Derivatives	17	240	397	-	-
Current tax liabilities		11,241	24,803	43	302
		450,390	584,304	4,566	26,436
TOTAL LIABILITIES		492,850	624,425	6,342	28,261
TOTAL EQUITY AND LIABILITIES		2,340,413	2,314,986	917,432	893,628

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	26	3,361,319	3,021,263	147,703	133,782
Cost of sales	27	(2,759,804)	(2,451,119)	(3,922)	(3,899)
Gross profit		601,515	570,144	143,781	129,883
Other income		25,374	14,288	5,908	1,084
Selling and distribution expenses		(145,151)	(132,976)	-	-
Administrative and general expenses		(154,238)	(144,483)	(5,618)	(7,383)
Finance costs	28	(5,006)	(3,861)	(9)	(12)
Share of results of associates (net of tax)		29,097	30,945	-	-
Profit before tax	29	351,591	334,057	144,062	123,572
Tax expense	30	(82,887)	(75,287)	(1,716)	(1,266)
Profit for the financial year		268,704	258,770	142,346	122,306
Other comprehensive income/(loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Fair value gain/(loss) on equity investments at fair value through other comprehensive income ("FVTOCI")		1	(557)	1	(30)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences on foreign operation		159	(1)	-	-
Total other comprehensive income/(loss)		160	(558)	1	(30)
Total comprehensive income for the financial year		268,864	258,212	142,347	122,276

STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year attributable to:					
Owners of the Company		236,909	232,462	142,346	122,306
Non-controlling interests		31,795	26,308	-	-
		268,704	258,770	142,346	122,306
Total comprehensive income attributable to:					
Owners of the Company		237,069	231,904	142,347	122,276
Non-controlling interests		31,795	26,308	-	-
		268,864	258,212	142,347	122,276
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	31	110.33	108.26		
Net dividend per ordinary share (sen)					
- distribution during the financial year		45.00	50.00		
- proposed for the financial year					
- Final		5.00	-		
- Special		10.00	20.00		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group 2022	Attributable to owners of the Company									
	Share capital RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Merger reserve RM'000	Investment reserve RM'000	Equity reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2022	214,720	196,909	1	-	-	(3,358)	1,182,526	1,590,798	99,763	1,690,561
Acquisition of foreign subsidiaries	-	-	(1,120)	-	-	-	(9,139)	(10,259)	-	(10,259)
Effect of merger of subsidiaries	-	-	-	6,011	-	-	-	6,011	-	6,011
Fair value gain on equity investments at FVTOCI	-	-	-	-	1	-	-	1	-	1
Foreign currency translation differences on foreign operation	-	-	159	-	-	-	-	159	-	159
Total other comprehensive income for the financial year	-	-	159	-	1	-	-	160	-	160
Profit for the financial year	-	-	-	-	-	236,909	236,909	236,909	31,795	268,704
Total comprehensive income for the financial year	-	-	159	-	1	236,909	237,069	237,069	31,795	268,864
Transactions with owners:	-	-	-	-	-	(96,624)	(96,624)	(96,624)	-	(96,624)
- Dividends of the Company	-	-	-	-	-	-	-	-	(21,343)	(21,343)
- Dividends of subsidiaries	-	-	-	-	-	(11,567)	(11,567)	(11,567)	21,920	10,353
Effect of changes in equity interest in a subsidiary	-	-	-	-	-	(108,191)	(108,191)	(108,191)	577	(107,614)
At 31 December 2022	214,720	196,909	(960)	6,011	(3,357)	1,302,105	1,715,428	132,135	1,847,563	

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	<---- Non-distributable----> Equity		Distributable	Total equity RM'000
	Share capital RM'000	investment reserve RM'000	Retained profits RM'000	
At 1 January 2021	214,720	198	635,533	850,451
Transfer of fair value gain upon disposal of equity instruments at FVTOCI	-	(1)	1	-
Other comprehensive loss for the financial year	-	(30)	-	(30)
Profit for the financial year	-	-	122,306	122,306
Dividends (Note 32)	-	-	(107,360)	(107,360)
At 31 December 2021	214,720	167	650,480	865,367
Other comprehensive income for the financial year	-	1	-	1
Profit for the financial year	-	-	142,346	142,346
Dividends (Note 32)	-	-	(96,624)	(96,624)
At 31 December 2022	214,720	168	696,202	911,090

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	351,591	334,057	144,062	123,572
Adjustments for:				
Bad debts written off	275	156	-	-
Depreciation of property, plant and equipment	35,172	35,589	48	84
Depreciation of investment properties	2,510	2,513	3,070	3,070
Depreciation of right-of-use assets	11,769	9,799	88	87
Deficit on liquidation of a subsidiary	16	11	-	-
Fair value loss/(gain) on biological assets	1,062	(1,526)	-	-
Gain on termination of a lease contract	(9)	-	-	-
Gratuity and retirement benefits	3,445	3,683	-	-
Impairment loss on trade receivables	686	3	-	-
Inventories written down	10,104	14,548	-	-
Inventories written off	2,213	1,881	-	-
Loss on redemption of short term investments	7	1,554	7	1,255
Net gain on disposal of property, plant and equipment	(1,029)	(84)	-	-
Net fair value gain on short term investments	(8,519)	(256)	(5,083)	(305)
Net fair value (gain)/loss on derivatives	(3,197)	1,221	-	-
Net unrealised loss/(gain) on foreign exchange	2,459	(468)	-	-
Reversal of COVID-19 expenses	-	(498)	-	-
Property, plant and equipment written off	382	250	-	-
Share of results of associates	(29,097)	(30,945)	-	-
Write back of impairment loss on trade receivables	(26)	(329)	-	-
Dividend income	(7)	(6)	(136,908)	(119,715)
Dividend income from short term investments	(5,931)	(11,652)	(4,525)	(7,838)
Interest income	(1,883)	(764)	(33)	(15)
Interest expenses	5,006	3,861	9	12
Operating profit before working capital changes	376,999	362,598	735	207
Changes in inventories	28,085	(127,435)	-	-
Changes in receivables	79,786	(47,505)	(217)	-
Changes in payables	(78,434)	37,649	(143)	654
Cash generated from operations	406,436	225,307	375	861
Interest paid	(864)	(838)	(9)	(12)
Net tax paid	(94,002)	(69,381)	(1,933)	(1,125)
Net cash generated from/(used in) operating activities	311,570	155,088	(1,567)	(276)

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries	(17,414)	-	-	-
Acquisition of additional shares in a subsidiary	-	(26)	-	(26)
Effect from acquisition of subsidiaries	3,162	-	-	-
Purchase of property, plant and equipment	(70,900)	(19,693)	(16)	(47)
Net purchase of short term and other investments	(14,086)	(47,694)	(21,845)	(8,971)
Proceeds from disposal of property, plant and equipment	1,154	493	-	-
Proceeds from capital repayment by an investee company	1	3	1	3
Distribution received upon liquidation of a subsidiary	74	166	-	-
Advance to subsidiaries	-	-	(22)	(11)
Interest received	1,883	764	33	15
Dividends received from subsidiaries	-	-	128,728	108,159
Dividends received from associates	24,493	24,300	8,173	11,550
Dividends received from short term and other investments	5,938	11,658	4,532	7,844
Proceeds from issuance of ordinary shares by a subsidiary	10,353	-	-	-
Net cash (used in)/generated from investing activities	(55,342)	(30,029)	119,584	118,516
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (repayment)/drawdown of bank borrowings (Note a)	(60,369)	48,210	-	-
Lease payments	(9,144)	(6,975)	(87)	(83)
Dividends paid to shareholders of the Company	(118,096)	(118,096)	(118,096)	(118,096)
Dividends of subsidiaries paid to non-controlling interests	(21,343)	(14,283)	-	-
Interest paid	(4,142)	(3,023)	-	-
Net cash used in financing activities	(213,094)	(94,167)	(118,183)	(118,179)
NET CHANGES IN CASH AND CASH EQUIVALENTS	43,134	30,892	(166)	61
EFFECT OF EXCHANGE RATE CHANGES	(1,267)	-	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	73,500	42,608	312	251
CASH AND CASH EQUIVALENTS CARRIED FORWARD	115,367	73,500	146	312

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Represented by:				
SHORT TERM DEPOSITS	91,487	58,321	-	150
CASH AND BANK BALANCES	23,880	15,179	146	162
	<u>115,367</u>	<u>73,500</u>	<u>146</u>	<u>312</u>

Note (a):

Reconciliation of liabilities arising from financing activities

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	158,663	110,453
<i>Cash flows:</i>		
Drawdown of bank borrowings	590,982	556,169
Repayment of bank borrowings	(651,351)	(507,959)
Interest paid	(4,142)	(3,023)
<i>Non-cash changes:</i>		
Interest expenses	4,142	3,023
At end of financial year	<u>98,294</u>	<u>158,663</u>

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Lam Soon (M) Berhad (the "Company") is a public limited company incorporated and domiciled in Malaysia. The address of the registered office and principal place of business of the Company is disclosed on page 2.

The ultimate holding company is Lam Soon Cannery Private Limited, a company incorporated in the Republic of Singapore.

The immediate holding company is Lam Soon Strategic Sdn. Bhd., a company incorporated in Malaysia which holds 60.2% (2021: 60.2%) of the issued and paid-up share capital of the Company.

The Company is principally engaged in investment and property holding. The principal activities of the subsidiaries are disclosed in Note 8.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

The fair value measurement of the Group's and of the Company's financial instruments at the reporting date is disclosed in Note 37.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand (RM'000).

(b) Application of new or amended standards

In current financial year, the Group and the Company have applied a number of Amendments to MFRSs ("Amendments") that become effective mandatorily for the financial periods beginning on or after 1 January 2022.

The adoption of the Amendments does not have significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Standards issued that are not yet effective

The Group and the Company have not applied the following Amendments which are relevant to the Group and the Company that have been issued by the MASB but are not yet effective:

		<i>Effective Date</i>
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liabilities in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Convenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above Amendments are not expected to have significant impact on the financial statements of the Group and of the Company.

(d) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

There are no critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements.

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Depreciation and useful lives of property, plant and equipment, right-of-use assets and investment properties

The cost of plant and machinery for the manufacturing of the Group's palm oil related products and other consumer products is depreciated on a straight-line basis over the assets' useful lives. The management estimated the useful lives of these plant and machinery to be between 7 and 33 years. These are common life expectancies applied in the industry. The management estimates the useful lives of investment properties to be 5 to 92 years.

Any changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges may be revised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Significant accounting judgements and estimates (cont'd)

(ii) Bearer plants

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is depreciated on a straight-line basis at maturity of the crop over the economic useful lives of the crop. Depreciation of mature bearer plants was computed based on the straight-line basis over the remaining useful lives of 22 years.

(iii) Biological assets

The Group carries their biological assets at fair value with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of fresh fruit bunches ("FFB") as at the reporting date. The carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 13.

(iv) Impairment of investments in subsidiaries and associates

Investment in subsidiaries and associates are assessed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries and associates and also choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will make an impairment loss for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional impairment losses for slow-moving inventories may be required.

(vi) Determining the loss allowance for trade receivables

Management assesses the expected credit losses ("ECL") for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 *Financial Instruments* in assessing the impairment of trade receivables.

In determining the ECL, management uses historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Significant accounting judgements and estimates (cont'd)

(vi) Determining the loss allowance for trade receivables (cont'd)

The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables as at current reporting date is primarily based upon the historical credit loss experience.

(vii) Determining the loss allowance for non-trade receivables

Management assesses the ECL for receivables (other than trade receivables) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

(viii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ix) Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profits will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

(x) Fair value of financial instruments

Where fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Significant accounting judgements and estimates (cont'd)

(x) Fair value of financial instruments (cont'd)

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, the risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xi) Lease liabilities

Management estimates the lease term as the non-cancellable period of a lease together with both periods covered by an option to extend the lease and an option to terminate the lease. In assessing whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement by considering all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Management measures the lease liability as the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the incremental borrowing rate.

The lease terms and discount rate are determined using certain assumptions and they represents management's best estimation. The assumptions on which it is based relate to the future. Actual outcome may be different from the estimation and the variation could be material.

(e) Investments in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is recognised in profit or loss.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company made up to the end of the financial year.

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

- (i) power over the entity;
- (ii) exposure, or rights, to variable returns from its involvement with the entity; and
- (iii) the ability to use its power over the entity to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the entity and cease when the Company loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Basis of consolidation (cont'd)

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes of interests in subsidiaries

The changes of interest in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

Loss of control

When the Company loses control of subsidiaries:

- (i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiaries.
- (ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiaries at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiaries at the date when control is lost.
- (iii) It recognises any investment retained in the former subsidiaries at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiaries in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(g) Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Business combination (cont'd)

The Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation of either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

- (a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the entity.
- (b) The net fair value of the identifiable assets acquired and the liabilities assumed.

A business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain ("negative goodwill") directly in profit or loss on the acquisition date.

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries, as disclosed in Note 8, which were using the merger method of accounting. Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. Any difference between the consideration paid and the share capital of the acquired subsidiary is reflected within equity as merger reserve.

(h) Investments in associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of net profit or loss and changes recognised directly in the other comprehensive income of the associates are recognised in the consolidated profit or loss and consolidated statement of other comprehensive income, respectively.

An investment in an associate is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have a significant influence over the associate.

Goodwill relating to an associate is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

Discount on acquisition 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 profit or loss in the period in which the investment is acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments in associates (cont'd)

Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate.

The results and reserves of associates are accounted for in the consolidated financial statements based on audited financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

When changes in the Group's interest in an associate do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

Where the Group or its subsidiaries transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the Company's separate financial statements, investments in associates are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associate disposed off is recognised in profit or loss.

(i) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment (cont'd)

(i) Measurement basis (cont'd)

Bearer plants (which include mature and immature oil palm plantations) are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. Bearer plants have an average life cycle of 25 years with the first 3 years as immature bearer plants and the remaining years as mature bearer plants. The immature bearer plants are measured at cost whilst mature bearer plants are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected to flow to the entity. Any gain or loss arising on derecognition of the bearer plants is recognised in profit or loss.

(ii) Depreciation

Capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

Buildings	3%
Plant, machinery and tanks	3% -14%
Roads and culverts	10%
Motor vehicles	20% - 25%
Furniture, fittings and equipment	5% - 50%
Renovation	3%

Immature bearer plants are not depreciated until it is classified as mature bearer plants upon commencement of commercial production. The mature bearer plants are depreciated over its remaining useful lives of 22 years on a straight-line basis.

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(j) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

(i) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(j) Investment properties (cont'd)****(i) Measurement basis (cont'd)**

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation

Freehold land is not depreciated. Leasehold land are depreciated over the period of the respective leases which ranged between 56 and 92 years.

Depreciation is calculated to write off the depreciable amount of buildings on a straight-line basis to their residual values over their expected useful lives.

The principal annual rates used for this purpose are:

Buildings	3%
Warehouse equipment	10% - 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(k) Land held for property development

Land held for property 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. Such land is classified under non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment loss is in accordance with Note 2(q).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(l) Leases*The Group as Lessee*

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low-value assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Leases (cont'd)

The Group as Lessee (cont'd)

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The leasehold land of the Group are depreciated over the period of the respective leases which ranged between 27 and 92 years. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Variable lease payment (not based upon an index or a rate) are recognised as an expense in the period in which it is incurred.

The Group as Lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

(m) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Intangible assets (cont'd)

Trademark and Licence

Trademark and licence are recognised as intangible assets if it is possible that the future economic benefits that are attributable to such assets will flow to the enterprise and can be measured reliably.

The useful life of the licence is estimated to be indefinite because once registered, the Group is able to sell its product to the European countries indefinitely.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(n) Biological assets

Biological assets comprises oil palms.

Biological assets are measured at fair value less costs to sell. Costs to sell include all incremental costs that would be necessary to sell the biological assets. Changes in fair value are recognised in profit or loss.

Oil palm trees are bearer plants, while produce that grows on mature plantations (FFB) are biological assets until the point of harvest. Harvested FFB are transferred to inventory at fair value less costs to sell when harvested.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis or the weighted average basis, depending on the nature of the inventories.

In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads based on the normal production capacity.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(p) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent Measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments); or
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments); or
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

Equity Instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a reserve in equity. Equity instruments designated at FVTOCI are not subject to impairment assessment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(p) Financial instruments (cont'd)***Financial Assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Impairment of Financial Assets

Loss allowance is recognised for ECL for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI and receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

Derecognition of Financial Assets (cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial Liabilities at Amortised Cost

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination;
- held-for-trading; or
- designated as at FVTPL

are subsequently measured at amortised cost using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different 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.

Derivative Financial Instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured at fair value. The resulting gain or loss is recognised in profit or loss, unless the derivative is designated and effective as a hedging instrument.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Impairment of non-financial assets

(i) Intangible assets

Intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the intangible assets may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Non-financial assets

Property, plant and equipment, investment properties, land held for property development, right-of-use assets, investments in subsidiaries and associates are assessed at each reporting date to determine whether there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Impairment of non-financial assets (cont'd)

(ii) Non-financial assets (cont'd)

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(r) Revenue and other income recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The Group accepts return of goods from customers arising from customary business practices that give rise to variable consideration. In estimating the variable consideration, the Group uses the expected value method to predict the sales returns. Management relies on historical purchasing patterns and product returns of customers, including seasonal trends, to develop its expectation.

- (i) Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customers, generally upon delivery of goods. A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. There is no element of significant financing component on the Group's revenue transactions as customers are required to pay within a credit term of 7 to 90 days.
- (ii) Interest income is recognised using the effective interest method.
- (iii) Rental income is recognised on a straight-line basis over the lease terms.
- (iv) Dividend income from investments is recognised in profit or loss as and when the right to receive is established.
- (v) Management income and commission income are recognised when the services have been rendered.
- (vi) Royalty income is recognised on an accrual basis in accordance with the licensing agreements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(s) Taxation**

The income tax expense represents the aggregate amount of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the financial year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

(t) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commence when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred and ceases when the asset is completed or during extended periods when active development is interrupted.

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

(u) Employee benefits**(i) Short term employee benefits**

Wages, salaries, paid annual leave, paid sick leave, maternity leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Employee benefits (cont'd)

(ii) Defined contribution plans

The Company and its Malaysian subsidiaries pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiaries is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

(iii) Retirement benefits

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group at the end of the reporting period.

(v) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Foreign currencies (cont'd)

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations are translated at the prevailing exchange rate on the reporting date. Income and expense are translated at average exchange rate for the financial period. Exchange differences arising from the translation of the financial statements of the foreign operation are recognised in other comprehensive income; accumulated in a separate component of equity and attributed to non-controlling interests as appropriate.

On disposal of a foreign operation (i.e. loss of control, joint control or significant influence), the accumulated exchange differences recognised in equity relating to that foreign operation is reclassified to profit or loss.

In a partial disposal that does not result in losing of control over a foreign operation, the proportionate share of accumulated exchange differences in equity is re attributed to non-controlling interests and are not recognised in profit or loss. For other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in losing of significant influence or joint control), the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

(w) Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of those estimated future cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(x) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits which are short term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Buildings RM'000	Plant, machinery and tanks RM'000	Roads and culverts RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Bearer plants RM'000	Total RM'000
Cost									
At 1 January	277,299	504,601	14,405	57,441	84,119	7,664	5,558	77,265	1,028,352
Effect of acquisition of subsidiaries	-	5,816	-	35	1,347	-	-	-	7,198
Additions	1,861	33,899	-	5,744	5,069	-	17,110	7,217	70,900
Disposals	(3)	(8,819)	-	(2,221)	(12)	-	-	-	(11,055)
Write-offs	-	(3,259)	-	(354)	(412)	-	(262)	-	(4,287)
Reclassification	724	8,286	-	-	298	-	(9,308)	-	-
Exchange adjustment	-	30	-	-	6	-	-	-	36
At 31 December	279,881	540,554	14,405	60,645	90,415	7,664	13,098	84,482	1,091,144
Accumulated depreciation									
At 1 January	102,228	453,723	11,064	44,872	64,174	2,321	-	20,237	698,619
Effect of acquisition of subsidiaries	-	3,783	-	10	734	-	-	-	4,527
Charge for the financial year	8,295	13,255	975	4,142	5,565	212	-	2,728	35,172
Disposals	-	(8,819)	-	(2,100)	(11)	-	-	-	(10,930)
Write-offs	-	(3,149)	-	(354)	(402)	-	-	-	(3,905)
Exchange adjustment	-	15	-	-	2	-	-	-	17
At 31 December	110,523	458,808	12,039	46,570	70,062	2,533	-	22,965	723,500
Accumulated impairment losses									
At 1 January/31 December	-	125	-	-	-	-	-	-	125
Net carrying amount									
At 31 December	169,358	81,621	2,366	14,075	20,353	5,131	13,098	61,517	367,519

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2021 (Restated)	Leasehold land RM'000	Buildings RM'000	Plant, machinery and tanks RM'000	Roads and culverts RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Bearer plants RM'000	Total RM'000
Cost										
At 1 January (Previously stated)	150,962	276,459	501,806	14,405	57,334	81,418	7,658	3,457	71,802	1,165,301
Reclassified to right-of-use assets	(150,962)	-	-	-	-	-	-	-	-	(150,962)
At 1 January (Restated)	-	276,459	501,806	14,405	57,334	81,418	7,658	3,457	71,802	1,014,339
Additions	-	1,013	3,897	-	2,664	3,304	6	3,346	5,463	19,693
Disposals	-	-	-	-	(2,334)	-	-	-	-	(2,334)
Write-offs	-	(207)	(2,113)	-	(223)	(660)	-	(143)	-	(3,346)
Reclassification	-	34	1,011	-	-	57	-	(1,102)	-	-
At 31 December	-	277,299	504,601	14,405	57,441	84,119	7,664	5,558	77,265	1,028,352
Accumulated depreciation										
At 1 January (Previously stated)	17,249	94,066	441,300	10,087	43,553	59,318	2,110	-	17,617	685,300
Reclassified to right-of-use assets	(17,249)	-	-	-	-	-	-	-	-	(17,249)
At 1 January (Restated)	-	94,066	441,300	10,087	43,553	59,318	2,110	-	17,617	668,051
Charge for the financial year	-	8,369	14,441	977	3,466	5,505	211	-	2,620	35,589
Disposals	-	-	-	-	(1,925)	-	-	-	-	(1,925)
Write-offs	-	(207)	(2,018)	-	(222)	(649)	-	-	-	(3,096)
At 31 December	-	102,228	453,723	11,064	44,872	64,174	2,321	-	20,237	698,619
Accumulated impairment losses										
At 1 January/31 December	-	-	125	-	-	-	-	-	-	125
Net carrying amount										
At 31 December	-	175,071	50,753	3,341	12,569	19,945	5,343	5,558	57,028	329,608

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2022	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January	236	344	288	868
Additions	-	16	-	16
At 31 December	236	360	288	884
Accumulated depreciation				
At 1 January	235	158	42	435
Charge for the financial year	-	39	9	48
At 31 December	235	197	51	483
Net carrying amount				
At 31 December	1	163	237	401
2021				
Cost				
At 1 January	236	297	288	821
Additions	-	47	-	47
At 31 December	236	344	288	868
Accumulated depreciation				
At 1 January	200	117	34	351
Charge for the financial year	35	41	8	84
At 31 December	235	158	42	435
Net carrying amount				
At 31 December	1	186	246	433

4. INVESTMENT PROPERTIES

Group 2022	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Warehouse equipment RM'000	Total RM'000
Cost					
At 1 January/31 December	7,854	35,088	54,502	3,085	100,529
Accumulated depreciation					
At 1 January	-	8,259	12,334	2,423	23,016
Charge for the financial year	-	634	1,565	311	2,510
At 31 December	-	8,893	13,899	2,734	25,526
Net carrying amount					
At 31 December	7,854	26,195	40,603	351	75,003

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. INVESTMENT PROPERTIES (cont'd)

Group 2021	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Warehouse equipment RM'000	Total RM'000
Cost					
At 1 January/31 December	7,854	35,088	54,502	3,085	100,529
Accumulated depreciation					
At 1 January	-	7,625	10,769	2,109	20,503
Charge for the financial year	-	634	1,565	314	2,513
At 31 December	-	8,259	12,334	2,423	23,016
Net carrying amount					
At 31 December	7,854	26,829	42,168	662	77,513

Company 2022	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January/31 December	1,672	18,870	92,593	113,135
Accumulated depreciation				
At 1 January	-	5,161	40,453	45,614
Charge for the financial year	-	293	2,777	3,070
At 31 December	-	5,454	43,230	48,684
Net carrying amount				
At 31 December	1,672	13,416	49,363	64,451
2021				
Cost				
At 1 January/31 December	1,672	18,870	92,593	113,135
Accumulated depreciation				
At 1 January	-	4,869	37,675	42,544
Charge for the financial year	-	292	2,778	3,070
At 31 December	-	5,161	40,453	45,614
Net carrying amount				
At 31 December	1,672	13,709	52,140	67,521

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. INVESTMENT PROPERTIES (cont'd)

The fair value of the freehold and leasehold land and buildings of the Group and of the Company as at 31 December 2022 were RM132,836,000 (2021: RM135,084,000) and RM138,261,000 (2021: RM138,261,000) respectively.

The fair value was based on a valuation carried out by a registered valuer of professional valuer firm to reflect the market value by "comparison method" of valuation. This method estimates the value of a property by comparing it to the prices of similar properties sold in similar locations within a recent period of time.

The directors are of the opinion that the fair value did not fluctuate significantly at the reporting date based on the following key assumptions:

- Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

The direct operating expenses of investment properties represent quit rent and assessment, depreciation, insurance, upkeep of premises, and security expenses as follows:

Group	2022	2021
	RM'000	RM'000
- revenue generating	3,332	3,323
- non-revenue generating	214	205
	3,546	3,528
Company		
- revenue generating	3,708	3,694
- non-revenue generating	214	205
	3,922	3,899

5. LAND HELD FOR PROPERTY DEVELOPMENT

Group	2022	2021
	RM'000	RM'000
Freehold/Leasehold land and buildings At 1 January/31 December	62,266	62,266

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) RIGHT-OF-USE ASSETS

Group 2022	Leasehold land RM'000	Buildings RM'000	Laboratory equipment, plant and machinery RM'000	Office equipment RM'000	Total RM'000
Cost					
At 1 January	150,962	30,188	3,516	39	184,705
Effect of acquisition of subsidiaries	-	11,298	-	-	11,298
Additions	-	2,243	104	-	2,347
Termination of a contract	-	(551)	-	-	(551)
Lease modification	-	-	(18)	-	(18)
Derecognition upon expiry of lease contracts	-	(2,666)	(772)	(39)	(3,477)
Exchange adjustment	-	61	-	-	61
At 31 December	150,962	40,573	2,830	-	194,365
Accumulated depreciation					
At 1 January	19,949	13,202	1,595	37	34,783
Effect of acquisition of subsidiaries	-	5,083	-	-	5,083
Charge for the financial year	2,702	8,226	839	2	11,769
Termination of a contract	-	(425)	-	-	(425)
Derecognition upon expiry of lease contracts	-	(2,666)	(772)	(39)	(3,477)
Exchange adjustment	-	11	-	-	11
At 31 December	22,651	23,431	1,662	-	47,744
Net carrying amount					
At 31 December	128,311	17,142	1,168	-	146,621
Group 2021 (Restated)					
Cost					
At 1 January (Previously stated)	-	26,341	3,268	39	29,648
Reclassified from property, plant and equipment	150,962	-	-	-	150,962
At 1 January (Restated)	150,962	26,341	3,268	39	180,610
Additions	-	4,668	700	-	5,368
Derecognition upon expiry of lease contracts	-	(821)	(452)	-	(1,273)
At 31 December	150,962	30,188	3,516	39	184,705

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

(a) RIGHT-OF-USE ASSETS (cont'd)

Group 2021 (Restated)	Leasehold land RM'000	Buildings RM'000	Laboratory equipment, plant and machinery RM'000	Office equipment RM'000	Total RM'000
Accumulated depreciation					
At 1 January (Previously stated)	-	7,832	1,151	25	9,008
Reclassified from property, plant and equipment	17,249	-	-	-	17,249
At 1 January (Restated)	17,249	7,832	1,151	25	26,257
Charge for the financial year	2,700	6,191	896	12	9,799
Derecognition upon expiry of lease contracts	-	(821)	(452)	-	(1,273)
At 31 December	19,949	13,202	1,595	37	34,783
Net carrying amount					
At 31 December	131,013	16,986	1,921	2	149,922

Company	Building	
	2022 RM'000	2021 RM'000
Cost		
At 1 January/31 December	436	436
Accumulated depreciation		
At 1 January	174	87
Charge for the financial year	88	87
At 31 December	262	174
Net carrying amount		
At 31 December	174	262

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)

(b) LEASE LIABILITIES

As a lessee	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease liabilities				
- Current	8,177	7,029	91	87
- Non-current	11,167	12,549	94	185
	19,344	19,578	185	272

The changes in lease liabilities (fixed lease payment) is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance as at 1 January	19,578	21,185	272	355
Cash flows:				
Lease principal payment	(9,144)	(6,975)	(87)	(83)
Lease interest payment	(864)	(838)	(9)	(12)
Non-cash:				
Effect of acquisition of subsidiaries	6,663	-	-	-
Additions	2,347	5,368	-	-
Interest on lease liabilities (Note 28)	864	838	9	12
Termination of a contract	(135)	-	-	-
Lease modification	(18)	-	-	-
Exchange adjustment	53	-	-	-
Balance as at 31 December	19,344	19,578	185	272

The lease payments associated to short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases.

Total cash outflows for leases during the current financial period (including fixed, variable, short-term and low-value assets lease payments) of the Group and of the Company amounted to RM11,651,000 and RM96,000 (2021: RM8,726,000 and RM95,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INTANGIBLE ASSETS

Group 2022	Goodwill RM'000	Trademark and licence RM'000	Total RM'000
At cost and net carrying amount			
At 1 January/31 December	1,972	600	2,572
2021			
At cost and net carrying amount			
At 1 January/31 December	1,972	600	2,572

(a) Impairment test for cash-generating unit ("CGU") containing goodwill

For the purpose of impairment testing, goodwill acquired in business combination has been allocated to the Group's CGU identified according to business segments as follows:

Group	2022 RM'000	2021 RM'000
Oil palm plantations	1,496	1,496
Manufacturing and trading	476	476
	1,972	1,972

(b) Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs are determined based on value-in-use calculations using cash flow projections based on latest financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rate stated below. The key assumptions used for value-in-use calculations are as follows:

Gross margins	-	16.99% to 56.54%
Growth rates	-	4.99% to 6.05%
Discount rates	-	5.52% and 5.58%
Risk free rate	-	3.90%

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margins

The budgeted gross margins are based on the margin achieved in the year immediately before the budgeted year and are increased by growth rate to cater for expected improvements in efficiency.

(ii) Growth rates

The growth rates used are consistent with the long-term average growth rate for the respective industries.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INTANGIBLE ASSETS (cont'd)

(b) Key assumptions used in value-in-use calculations (cont'd)

(iii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant sectors.

(iv) Risk free rate

The risk free rate is based on the yield on a 5-year Malaysian government bond rate at the beginning of the budgeted year.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, the directors believe that no reasonable possible changes in any of the above key assumptions would cause the carrying values of respective CGUs to materially exceed their recoverable amounts.

8. INVESTMENTS IN SUBSIDIARIES

Company	2022 RM'000	2021 RM'000
Unquoted shares, at cost	380,241	380,241
Accumulated impairment losses	(526)	(526)
	<hr/>	<hr/>
	379,715	379,715
	<hr/>	<hr/>
Amounts owing by subsidiaries	295	273
	<hr/>	<hr/>
Amount owing to a subsidiary	90	5
	<hr/>	<hr/>

The amounts owing by subsidiaries represent unsecured advances which are interest-free and repayable on demand.

The amount owing to a subsidiary represents expenses paid on behalf which are repayable on demand.

The subsidiaries, all of which are incorporated in Malaysia with principal place of business in Malaysia, except where indicated are as follows:

Subsidiaries of the Company	Effective equity interest		Principal activities
	2022 %	2021 %	
Lam Soon Edible Oils Sdn. Bhd.	99.8	99.8	Processing and refining of palm oil, manufacturing, marketing, sales, trading and distribution of refined palm oil products, cooking oil, soap and detergents, fats, margarine and other consumer products

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Subsidiaries of the Company (cont'd)	Effective equity interest		Principal activities
	2022 %	2021 %	
*Lam Soon Plantations Sdn. Bhd.	78.6	81.7	Cultivation of oil palms, processing and sale of crude palm oil and palm kernel
Rennes Properties Sdn. Bhd.	100.0	100.0	Letting out of properties
Lam Soon Commodities Sdn. Bhd.	100.0	100.0	Dormant
Lam Soon Food Industries Sdn. Bhd.	100.0	100.0	Dormant
Lam Soon Distribution Sdn. Bhd.	100.0	100.0	Dormant
Subsidiaries of Lam Soon Edible Oils Sdn. Bhd.			
Lam Soon Trading Sdn. Bhd.	99.8	99.8	Letting out of properties
LM Services Sdn. Bhd.	100.0	100.0	Provision of management services, hiring/recruiting workers and supplying manpower labour
*Silk Holdings Pte. Ltd. (incorporated in the Republic of Singapore)	100.0	-	Investment and property holding
Subsidiary of Silk Holdings Pte. Ltd.			
*Silk Vietnam Company Limited (incorporated in Vietnam)	100.0	-	Manufacturing of personal care and household products
Subsidiaries of Lam Soon Plantations Sdn. Bhd.			
*Pacific Oleochemicals Sdn. Bhd.	100.0	100.0	Manufacturing of distilled fatty acid, stearic acid, fractionated fatty acid and refined glycerine
*Pacoleo Pte. Ltd. (incorporated in the Republic of Singapore)	100.0	100.0	Dormant
*LS Cyber DC Sdn. Bhd.	100.0	100.0	Letting out of properties
* Subsidiaries not audited by Mazars PLT.			

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (a) On 24 September 2021, the Company acquired additional 8,000 ordinary shares in Lam Soon Edible Oils Sdn. Bhd. ("LSEO") with cash consideration of RM26,000. The acquisition did not result in any material change to the Company's entity interest held in LSEO.

The impact of the purchase of further interest in LSEO is as follows:

	Group 2021 RM'000
Consideration paid to non-controlling interests	26
Carrying amount of non-controlling interests acquired	(36)
	<hr/>
Difference recognised in equity	(10)
	<hr/>

- (b) On 29 December 2022, a direct subsidiary of the Company, Lam Soon Plantations Sdn. Bhd. ("LSPSB") increased its issued and paid-up share capital from RM259,860,066 to RM270,213,666 by way of issuance of 10,353,600 ordinary shares for a cash consideration of RM1.00 each being share award scheme to selected senior management employees. Upon issuance of the new ordinary shares, the Company's equity interest in LSPSB was reduced from 81.7% to 78.6%. The financial effect of this transaction resulted in a transfer of RM11,567,000 from shareholders' equity to non-controlling interests in this financial year ended 31 December 2022.

- (c) On 3 January 2022, a direct subsidiary of the Company, LSEO entered into a Sale and Purchase Agreement with Lam Soon Cannery Private Limited and Lam Soon Strategic Sdn. Bhd., for the acquisition of 6,971,059 ordinary shares in Silk Holdings Pte. Ltd. ("Silk"), a company incorporated in Singapore, representing the entire issued and paid-up share capital of Silk, for a total consideration of SGD5,600,000 (equivalent to RM17,413,760).

The acquisition was completed on 20 January 2022 and consequently, Silk became the wholly-owned subsidiary of LSEO.

The consolidated financial statements have been prepared using the merger method to account for the acquisition of Silk. Merger reserve or merger deficit are determined as the difference between the cost of merger and nominal value of the share capital of the subsidiary acquired and recognised in consolidated statement of financial position.

The recognised merger reserve at the acquisition date is derived as follows:

	Group 2022 RM'000
Total consideration paid by LSEO	17,413
Less: Nominal value of the Silk's share capital	(23,424)
	<hr/>
Merger reserve	(6,011)
	<hr/>

In the financial year when the merger takes place, the subsidiaries' profits are included in the Group's profits for the full financial year, regardless of the effective date of merger.

Silk and its subsidiary have contributed the following results to the Group in current financial year (before intra-group elimination):

	Group 2022 RM'000
Revenue	96,322
Total comprehensive income for the financial year	4,330
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) Subsidiary that has material non-controlling interests

Details of the Group's subsidiary that has material non-controlling interests at the end of the reporting period are as follows:

Name of subsidiary	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests **		Carrying amount of non-controlling interests	
	2022	2021	2022	2021	2022	2021
			RM'000	RM'000	RM'000	RM'000
Lam Soon Plantations Sdn. Bhd.	21.40%	18.25%	31,593	26,060	130,844	98,592
Others			*	*	1,291	1,171
					132,135	99,763

* Amounts are negligible.

** Amounts before intra-group elimination.

Summarised financial information of the Group's subsidiary that has material non-controlling interests (amounts before intra-group elimination) is as follows:

	2022 RM'000	2021 RM'000
<u>Lam Soon Plantations Sdn. Bhd.</u>		
Current assets	423,799	424,498
Non-current assets	315,120	282,350
Current liabilities	71,502	109,414
Non-current liabilities	30,328	27,385
Revenue	1,183,336	973,160
Total income	37,045	28,432
Total expenses	(1,047,212)	(858,798)
Profit for the financial year	173,169	142,794
Other comprehensive loss	(4)	(1)
Total comprehensive income for the financial year	173,165	142,793
Profit attributable to:		
- Owners of the Company	141,576	116,734
- Non-controlling interests	31,593	26,060
Profit for the financial year	173,169	142,794
Total comprehensive income attributable to:		
- Owners of the Company	141,572	116,733
- Non-controlling interests	31,593	26,060
Total comprehensive income for the financial year	173,165	142,793
Dividends paid to non-controlling interests	21,261	14,174
Net cash generated from operating activities	201,851	109,735
Net cash used in investing activities	(41,915)	(11,680)
Net cash used in financing activities	(121,113)	(67,081)
Net cash inflow	38,823	30,974

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	62,605	62,605	11,135	11,135
Group's share of results	86,616	80,966	-	-
	149,221	143,571	11,135	11,135

The amount owing by/(to) an associate represents trade receivables/payables which are subject to normal trade terms.

The associates, all of which are incorporated in Malaysia with principal place of business in Malaysia, are as follows:

Associate of the Company	Effective equity interest		Principal activities
	2022 %	2021 %	
*Southern Lion Sdn. Bhd.	50.0	50.0	Manufacturing of detergents and personal care products and trading of oral and personal care products
Associate of Lam Soon Plantations Sdn. Bhd.			
Dara-Lam Soon Sdn. Bhd.	40.0	40.0	Cultivation of oil palms, processing and sale of crude palm oil and palm kernel

* Associate not audited by Mazars PLT.

The associates are accounted for using equity method in the consolidated financial statements.

The Group does not have any share of the associates' contingent liabilities incurred jointly with other investor or any share of contingent liabilities that arise whereby the Group is severally liable for all or part of the liabilities of the associates.

The financial year of the associates end on 31 December.

Summarised financial information of the Group's material associates are set out below:

	2022 RM'000	2021 RM'000
Southern Lion Sdn. Bhd.		
Current assets	234,743	243,344
Non-current assets	75,286	72,264
Current liabilities	127,018	127,820
Revenue	723,065	652,945
Profit/Total comprehensive income for the financial year	11,569	20,610
Dividends paid	16,346	23,100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. INVESTMENTS IN ASSOCIATES (cont'd)

Southern Lion Sdn. Bhd. (cont'd)

Reconciliation of summarised financial information of the associate to the carrying amount of interest in the associate:

	2022 RM'000	2021 RM'000
Net assets	183,011	187,788
Proportion of ownership interest held by the Group	50%	50%
	91,506	93,894
Goodwill	135	135
	91,641	94,029

Dara-Lam Soon Sdn. Bhd.

Current assets	77,293	61,236
Non-current assets	58,431	58,353
Current liabilities	15,881	18,205
Non-current liabilities	4,004	5,676
	130,688	114,933
Revenue	130,688	114,933
Profit/Total comprehensive income for the financial year	60,896	48,380
	40,800	31,875

Reconciliation of summarised financial information of the associate to the carrying amount of interest in the associate:

	2022 RM'000	2021 RM'000
Adjusted net assets *	119,165	99,070
Proportion of ownership interest held by the Group	40%	40%
	47,666	39,628
Goodwill	9,914	9,914
	57,580	49,542

* Including share of net assets at 20% up to year 2004.

10. OTHER INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Equity instruments designated at FVTOCI</i>				
Quoted shares	275	274	275	274
Unquoted shares	248	248	23	24
	523	522	298	298

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. DEFERRED TAX ASSETS

	Group	
	2022 RM'000	2021 RM'000
At 1 January	5,185	5,959
Effect of acquisition of subsidiaries	145	-
Recognised in profit or loss	(638)	(774)
Exchange adjustment	1	-
At 31 December	4,693	5,185

The temporary differences on which deferred tax assets have been recognised are as follows:

	Group	
	2022 RM'000	2021 RM'000
(Taxable)/Deductible temporary differences		
- Between net carrying amount and tax written down value of property, plant and equipment	(5,070)	(5,193)
- Other temporary differences	9,763	10,378
	4,693	5,185

The following deferred tax assets have not been recognised:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	409	1,976
Unabsorbed capital allowances	6,106	6,089
	6,515	8,065

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which they may be utilised.

The unabsorbed capital allowances do not expire under the current tax legislation. The unutilised tax losses can be carried forward and will expire in the following years of assessment:

Year of assessment	Group	
	2022 RM'000	2021 RM'000
2028	409	1,976

Unutilised tax losses up to the year of assessment 2018 shall be deductible against statutory income until year of assessment 2028 and unutilised tax losses from year of assessment 2019 onwards shall only be allowed to be carried forward for a maximum period of ten (10) consecutive years of assessment. Any amount which is not utilised at the end of 2028 and the period of ten (10) years of assessment respectively shall be disregarded.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
Raw materials	52,869	63,681
Work-in-progress	6,858	7,913
Finished goods	340,819	357,224
Consumables	23,438	23,525
Nursery stocks	438	696
	<hr/>	<hr/>
	424,422	453,039

The cost of inventories recognised as an expense in cost of sales by the Group amounted to approximately RM2,729,638,000 (2021: RM2,390,447,000).

13. BIOLOGICAL ASSETS

	Group	
	2022 RM'000	2021 RM'000
At fair value		
At 1 January	3,765	2,239
Fair value changes	(1,062)	1,526
	<hr/>	<hr/>
At 31 December	2,703	3,765
	<hr/>	<hr/>
Physical quantity (Metric tonnes)	3,911	3,721
Total output per annum (Metric tonnes)	114,595	98,392

The biological assets of the Group comprise oil palm fresh fruit bunches ("FFB") prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB prior to harvest, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 15 days to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 15 days prior to harvest was used for valuation purpose. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for costs to sell at the point of harvest. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Gross trade receivables	287,620	319,220	-	-
Less:				
Impairment losses	(802)	(142)	-	-
	286,818	319,078	-	-
Other receivables	18,904	32,234	196	196
Deposits	2,591	3,933	90	106
Prepayments	5,879	7,825	260	27
	314,192	363,070	546	329

The currency exposure profile of trade receivables is as follows:

	Group	
	2022 RM'000	2021 RM'000
RM	228,484	247,877
United States Dollar ("USD")	57,328	65,921
Chinese Renminbi ("RMB")	-	726
Euro ("EUR")	1,196	4,464
Pound Sterling ("GBP")	-	231
Vietnamese Dong ("VND")	611	-
Singapore Dollar ("SGD")	1	1
	287,620	319,220

Trade receivables comprise amounts receivable from the sale of goods to customers and outstanding rentals receivable from tenants. All trade receivables are granted credit periods between 7 and 90 (2021: 7 and 90) days.

The currency exposure profile of other receivables and deposits is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM	20,411	36,167	286	302
VND	1,084	-	-	-
	21,495	36,167	286	302

Other receivables and deposits which are unsecured and non-interest bearing together with prepayments arise from the normal business transactions of the Group. Other receivables are due to be received within twelve months while the deposits are refundable upon demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. AMOUNTS OWING BY/(TO) RELATED COMPANIES

Related companies in the financial statements refer to companies within the Lam Soon Cannery Private Limited group of companies.

(a) Amounts owing by related companies

The amounts owing by related companies comprise:

	Group	
	2022 RM'000	2021 RM'000
Trade balances	3,103	4,207
Non-trade balances	2,589	1,659
	<u>5,692</u>	<u>5,866</u>

Trade balances are subject to normal trade terms while the non-trade balances mainly comprise expenses paid on behalf which are unsecured, interest-free and receivable on demand.

The currency exposure profile of amounts owing by related companies is as follows:

	Group	
	2022 RM'000	2021 RM'000
RM	4,476	2,975
USD	966	2,731
SGD	250	160
	<u>5,692</u>	<u>5,866</u>

(b) Amounts owing to related companies

The amounts owing to related companies comprise:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade balances	(12,307)	(13,857)	-	-
Non-trade balances	(1,907)	(578)	-	(2)
	<u>(14,214)</u>	<u>(14,435)</u>	<u>-</u>	<u>(2)</u>

The currency exposure profile of amounts owing to related companies is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM	(14,214)	(11,187)	-	(2)
USD	-	(3,200)	-	-
SGD	-	(48)	-	-
	<u>(14,214)</u>	<u>(14,435)</u>	<u>-</u>	<u>(2)</u>

Trade balances are subject to normal trade terms while the non-trade balances mainly comprise advertising expenses, insurance premium, management fee charges and rental expenses which are unsecured, interest-free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. SHORT TERM INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Designated at FVTPL</i>				
- Managed fund	654,908	632,310	460,271	433,350

Short term investments represent investments in a highly liquid money market.

The fund is mainly designed to manage free cash flows and to optimise working capital so as to provide a steady stream of income returns.

17. DERIVATIVES

Derivatives outstanding at reporting date are as follows:

Group 2022	Contract amount RM'000	Assets RM'000	Liabilities RM'000
Non-hedging derivatives:			
Forward currency contracts	237,273	4,799	240
2021			
Non-hedging derivatives:			
Forward currency contracts	351,236	1,759	397

Derivatives at financial year end are presented at gross for management monitoring purposes.

Forward currency contracts are used to manage the Group's anticipated transactions in USD, SGD, GBP, EUR and RMB. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with the anticipated currency transaction.

18. SHORT TERM DEPOSITS

The short term deposits are placed with licensed banks and have maturity periods of less than one year. The effective interest rates of these deposits ranged between 1.20% and 4.21% (2021: 1.20% and 1.75%) per annum.

These deposits are readily convertible to cash and have insignificant risk of change in value.

The currency exposure profile of short term deposits is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM	62,550	58,321	-	150
USD	28,937	-	-	-
	91,487	58,321	-	150

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM	16,444	14,857	144	156
USD	4,612	11	2	6
EUR	5	307	-	-
SGD	519	-	-	-
VND	2,296	-	-	-
Others	4	4	-	-
	23,880	15,179	146	162

20. SHARE CAPITAL

	Group/Company	
	2022 RM'000	2021 RM'000
Issued share capital of 214,720,012 ordinary shares At 1 January/31 December	214,720	214,720

21. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable:				
Capital reserve	196,909	196,909	-	-
Exchange translation reserve	(960)	1	-	-
Equity investment reserve	(3,357)	(3,358)	168	167
Merger reserve	6,011	-	-	-
Distributable:				
Retained profits	1,302,105	1,182,526	696,202	650,480
	1,500,708	1,376,078	696,370	650,647

Capital reserve

The capital reserve relates to the Group's portion of bonus shares issued by its subsidiaries through the capitalisation of the subsidiaries retained profits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	22,643	25,452	1,640	1,641
Recognised in profit or loss	2,171	(2,809)	42	(1)
At 31 December	24,814	22,643	1,682	1,640

The deferred tax liabilities comprise:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Taxable/(Deductible) temporary differences:				
- between net carrying amount and tax written down value of property, plant and equipment	28,568	24,131	(2)	-
- between net carrying amount and tax written down value of investment properties	1,642	1,640	1,642	1,640
- other temporary differences	(5,396)	(3,128)	42	-
	24,814	22,643	1,682	1,640

23. BANK BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
<u>Current</u>		
Unsecured:		
- Bankers' acceptance bearing effective interest rate between 2.20% and 3.45% (2021: 2.25% and 3.69%) per annum	91,815	153,734
<u>Non-current</u>		
Unsecured:		
- Term loan bearing effective interest rate between 2.95% and 3.95% (2021: 2.95%) per annum	6,479	4,929

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	79,148	103,391	-	-
Other payables	18,553	17,545	60	61
Dividend payable	-	21,472	-	21,472
Deposits	1,758	1,887	2,121	2,037
Accruals	133,288	137,616	2,161	2,470
Contract liabilities	1,138	9,093	-	-
	233,885	291,004	4,342	26,040

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. TRADE AND OTHER PAYABLES (cont'd)

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM	70,207	85,219	-	-
USD	3,796	14,546	-	-
EUR	2,472	3,596	-	-
VND	2,673	-	-	-
Others	-	30	-	-
	79,148	103,391	-	-

The currency exposure profile of other payables, dividend payable, deposits and accruals is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
RM	150,195	177,605	4,342	26,040
USD	1,302	655	-	-
EUR	214	23	-	-
VND	1,620	-	-	-
Others	268	237	-	-
	153,599	178,520	4,342	26,040

Trade payables represent amounts outstanding from trade purchases. The normal credit periods granted by the trade payables ranged between 30 and 90 (2021: 30 and 90) days.

Contract liabilities include advances received from customers relating to sale of goods.

25. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY

The amount owing to immediate holding company represents expenses paid on behalf which is repayable on demand.

26. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Revenue from contracts with customers</i>				
Sale of goods	3,347,787	3,005,617	-	-
<i>Other revenue</i>				
Rental income	8,967	7,787	6,237	6,214
Dividend income	4,532	7,844	141,433	127,553
Interest income	33	15	33	15
	3,361,319	3,021,263	147,703	133,782
<i>Timing of transfer of revenue recognition</i>				
- At a point in time	3,347,787	3,005,617	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. REVENUE (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Disaggregation of revenue from contracts with customers</i>				
- Local sales	2,319,911	2,179,467	-	-
- Export sales	1,027,876	826,150	-	-
	3,347,787	3,005,617	-	-

27. COST OF SALES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cost of goods sold	2,752,008	2,443,278	-	-
Direct operating expenses	7,796	7,841	3,922	3,899
	2,759,804	2,451,119	3,922	3,899

28. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expenses on:				
- Bankers' acceptance	3,941	3,023	-	-
- Term loan	201	-	-	-
- Lease liabilities	864	838	9	12
	5,006	3,861	9	12

29. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Auditors' remuneration				
- current financial year	455	336	85	83
Bad debts written off	275	156	-	-
Depreciation of				
- property, plant and equipment	35,172	35,589	48	84
- investment properties	2,510	2,513	3,070	3,070
- right-of-use assets	11,769	9,799	88	87

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. PROFIT BEFORE TAX (cont'd)

Profit before tax is stated after charging (cont'd):

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Directors' fees				
- Directors of the Company				
- current financial year	1,890	1,885	270	265
- underprovision in prior financial year	-	645	-	-
- Directors of the subsidiaries				
- current financial year	410	410	-	-
- underprovision in prior financial year	-	50	-	-
Directors' remuneration				
- current financial year	23,529	26,358	-	-
- (over)/underprovision in prior financial year	(2,600)	25	-	-
Directors' post-employment benefits				
- defined contribution plan	1,932	2,242	-	-
Deficit on liquidation of a subsidiary	16	11	-	-
Fair value loss on biological assets	1,062	-	-	-
Fair value loss on short term investments	-	103	-	-
Gratuity and retirement benefits	3,470	3,683	25	-
Impairment loss on trade receivables	686	3	-	-
Inventories written down	10,104	14,548	-	-
Inventories written off	2,213	1,881	-	-
Lease expenses for short-term leases and low-value assets	1,643	913	-	-
Loss on disposal of property, plant and equipment	-	5	-	-
Loss on redemption of short term investments	7	1,554	7	1,255
Loss on foreign exchange				
- realised	10,186	-	1	-
- unrealised	2,543	-	-	-
Net fair value loss on derivatives	-	1,221	-	-
Property, plant and equipment written off	382	250	-	-

and crediting:

Bad debts recovered	6	22	-	-
Dividend income from short term investments	5,931	11,652	4,525	7,838
Fair value gain on biological assets	-	1,526	-	-
Fair value gain on short term investments	8,519	359	5,083	305
Gross dividend income from				
- subsidiaries	-	-	128,728	108,159
- an associate	-	-	8,173	11,550
- other investments	7	6	7	6
Gain on disposal of property, plant and equipment	1,029	89	-	-
Gain on foreign exchange				
- realised	485	2,164	-	-
- unrealised	84	468	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
and crediting (cont'd):				
Gain on termination of a lease contract	9	-	-	-
Interest income from				
- fixed and short term deposits	1,883	764	33	15
Net fair value gain on derivatives	3,197	-	-	-
Operating lease income				
- rental of properties	9,015	7,830	6,237	6,214
Reversal of COVID-19 expenses	-	498	-	-
Royalty income	1,486	1,317	-	-
Write back of impairment loss on trade receivables	26	329	-	-

30. TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian tax based on the results for the financial year:				
- current	80,177	78,334	1,668	1,193
- (over)/underprovision in prior financial year	(99)	(1,012)	6	74
	80,078	77,322	1,674	1,267
Deferred tax:				
- relating to origination/(reversal) of temporary differences	1,919	(2,752)	42	(1)
- underprovision in prior financial year	890	717	-	-
	2,809	(2,035)	42	(1)
	82,887	75,287	1,716	1,266

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. TAX EXPENSE (cont'd)

The statutory tax rate applicable to the Company is 24% (2021: 24%). Taxation for other jurisdictions is calculated at rates prevailing in other jurisdictions.

The Government has introduced Cukai Makmur which is a one-off tax on companies which have chargeable income above RM100 million in the year of assessment 2022. The first RM100 million chargeable income will continue to be taxed at the current rate of 24% and amounts in excess of RM100 million taxed at 33%.

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Accounting profit (excluding share of results in associates)	322,494	303,112	144,062	123,572
Tax at the applicable tax rate	77,193	72,747	34,575	29,657
Add/(Less):				
Tax effect of expenses not deductible in determining taxable profit	6,478	5,730	1,816	2,266
Tax effect of income not subject to tax	(2,610)	(2,638)	(34,681)	(30,731)
Impact of Cukai Makmur	1,407	-	-	-
Utilisation of deferred tax assets not recognised previously	(372)	(257)	-	-
	82,096	75,582	1,710	1,192
(Less)/Add:				
(Over)/Underprovision in prior financial year				
- current tax	(99)	(1,012)	6	74
- deferred tax	890	717	-	-
Tax expense for the financial year	82,887	75,287	1,716	1,266

31. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated based on consolidated profit for the financial year attributable to owners of the Company of RM236,909,000 (2021: RM232,462,000) and on 214,720,012 (2021: 214,720,012) number of ordinary shares in issue during the financial year. As there are no potential ordinary shares, the dilutive earnings per ordinary share is the same as basic earnings per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. DIVIDENDS

	Company	
	2022 RM'000	2021 RM'000
Recognised as distribution to owners of the Company during the financial year in respect of the financial year ended:		
31 December 2022		
- First interim single-tier dividend of 15 sen per share	32,208	-
- Second interim single-tier dividend of 10 sen per share	21,472	-
31 December 2021		
- First interim single-tier dividend of 20 sen per share	-	42,944
- Second interim single-tier dividend of 10 sen per share	-	21,472
- Special single-tier dividend of 20 sen per share	42,944	-
31 December 2020		
- Final and special single-tier dividend of 15 sen per share and 5 sen per share	-	42,944
	96,624	107,360
Net dividend per ordinary share (sen)	45.00	50.00

The directors now recommend the payment of a final single-tier dividend of 5 sen per share and a special single-tier dividend of 10 sen per share amounting to a total of RM32,208,002 for the financial year ended 31 December 2022, subject to approval of the shareholders at the forthcoming Company's annual general meeting.

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, wages, allowances and bonuses				
- Executive directors	20,929	26,383	-	-
- Other employees	168,706	155,795	3,743	4,132
Gratuity and retirement benefits	3,470	3,683	25	-
Defined contribution plan - EPF contributions				
- Executive directors	1,932	2,242	-	-
- Other employees	18,461	18,151	450	497
Social security costs - SOCSO contributions	2,236	1,352	12	11
Other staff related benefits	3,769	4,196	110	72
	219,503	211,802	4,340	4,712

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. RELATED PARTY DISCLOSURES

- (a) The Company has a controlling related party relationship with its subsidiaries referred to in Note 8.
- (b) The Company also has related party relationship with the following related parties:
- (i) Associates as referred to in Note 9.
 - (ii) Immediate holding and related companies referred to in Notes 25 and 15.
 - (iii) Companies in which certain directors of the Company have financial interests.
- (c) In addition to information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with the related parties during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sales to				
- an associate	6,036	5,362	-	-
- related companies	20,694	22,259	-	-
Lease rental income from				
- a subsidiary	-	-	5,895	5,895
- related companies	3,228	2,912	252	229
Commission income from a related company	360	376	-	-
Royalty income from an associate	1,485	1,317	-	-
Management fees from				
- immediate holding company	288	288	288	288
- subsidiaries	-	-	155	206
- related companies	90	90	90	90
Purchases from				
- an associate	598,355	508,000	-	-
- related companies	60,986	115,494	-	-
- companies in which certain directors of the Company have financial interests	3	85	-	-
Rental charged by				
- a related company	1,769	1,644	104	95
- immediate holding company	995	995	-	-
Management fees charged by				
- a subsidiary	-	-	15	13
- a related company	1,168	332	-	-
Advertising expenses paid to a related company	-	837	-	-

Information regarding outstanding balances with the subsidiaries, associates, related companies and immediate holding company at financial year end arising from related party transactions are disclosed in Notes 8, 9, 15 and 25 respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. RELATED PARTY DISCLOSURES (cont'd)

(d) Compensation of key management personnel

The key management personnel are the directors of the Company.

The remuneration of directors of the Company and the Group during the financial year comprises:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees				
- current financial year	2,300	2,295	270	265
- prior financial year	-	695	-	-
Remuneration				
- current financial year	23,529	26,358	-	-
- prior financial year	(2,600)	25	-	-
	23,229	29,373	270	265
Post-employment benefits				
- defined contribution plan	1,932	2,242	-	-
Total compensation	25,161	31,615	270	265

35. CAPITAL COMMITMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Approved capital expenditure in respect of property, plant and equipment and investment properties not provided for in financial statements				
- contracted	46,135	32,375	402	-
- not contracted	124,146	127,626	-	-
	170,281	160,001	402	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group entered into commercial property leases to earn rental income from its investment properties and property, plant and equipment.

These leases have remaining non-cancellable lease terms of average 3 years with an option to renew for a further 2 years. The lease includes a clause to enable a revision of the rental charge after the expiry dates, based on prevailing market conditions. The Group does not have any contingent rental arrangements.

The maturity analysis of rentals receivable under these non-cancellable leases are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
In the first year	8,632	7,924	6,496	6,216
In the second year	5,803	1,260	4,767	1,730
In the third year	1,612	600	336	-
In the fourth year	61	-	61	-
	16,108	9,784	11,660	7,946

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2022 Group	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<u>Financial assets</u>				
Other investments	-	-	523	523
Trade and other receivables	308,313	-	-	308,313
Amount owing by an associate	9,883	-	-	9,883
Amounts owing by related companies	5,692	-	-	5,692
Short term investments	-	654,908	-	654,908
Derivatives	-	4,799	-	4,799
Deposits, cash and bank balances	115,367	-	-	115,367
Total financial assets	439,255	659,707	523	1,099,485
<u>Company</u>				
<u>Financial assets</u>				
Other investments	-	-	298	298
Other receivables and deposits	286	-	-	286
Amounts owing by subsidiaries	295	-	-	295
Short term investments	-	460,271	-	460,271
Cash and bank balances	146	-	-	146
Total financial assets	727	460,271	298	461,296

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

2022 Group	At amortised cost RM'000	At FVTPL RM'000	Total RM'000	
<u>Financial liabilities</u>				
Trade and other payables	232,747	-	232,747	
Amount owing to immediate holding company	15	-	15	
Amount owing to an associate	90,803	-	90,803	
Amounts owing to related companies	14,214	-	14,214	
Bank borrowings	98,294	-	98,294	
Derivatives	-	240	240	
Total financial liabilities	436,073	240	436,313	
Company				
<u>Financial liabilities</u>				
Other payables and accruals	4,342	-	4,342	
Amount owing to a subsidiary	90	-	90	
Total financial liabilities	4,432	-	4,432	
2021 Group	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<u>Financial assets</u>				
Other investments	-	-	522	522
Trade and other receivables	355,245	-	-	355,245
Amount owing by an associate	10,456	-	-	10,456
Amounts owing by related companies	5,866	-	-	5,866
Short term investments	-	632,310	-	632,310
Derivatives	-	1,759	-	1,759
Deposits, cash and bank balances	73,500	-	-	73,500
Total financial assets	445,067	634,069	522	1,079,658

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

2021 Company	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<u>Financial assets</u>				
Other investments	-	-	298	298
Other receivables and deposits	302	-	-	302
Amounts owing by subsidiaries	273	-	-	273
Short term investments	-	433,350	-	433,350
Deposits, cash and bank balances	312	-	-	312
Total financial assets	887	433,350	298	434,535

2021 Group	At amortised cost RM'000	At FVTPL RM'000	Total RM'000
<u>Financial liabilities</u>			
Trade and other payables	281,911	-	281,911
Amount owing to immediate holding company	12	-	12
Amount owing to an associate	92,890	-	92,890
Amounts owing to related companies	14,435	-	14,435
Bank borrowings	158,663	-	158,663
Derivatives	-	397	397
Total financial liabilities	547,911	397	548,308

Company	At amortised cost RM'000	At FVTPL RM'000	Total RM'000
<u>Financial liabilities</u>			
Other payables and accruals	26,040	-	26,040
Amount owing to a subsidiary	5	-	5
Amount owing to a related company	2	-	2
Total financial liabilities	26,047	-	26,047

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Group and of the Company at the reporting date approximated or were at their fair values.

The carrying amounts of bank borrowings of the Group at the end of the reporting period approximated or were at their fair values.

The following summarises the methods used in determining the fair value of the financial instruments:

Financial assets and financial liabilities (non-derivative)

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Other investments

Fair value of quoted investments has been determined by reference to their quoted closing bid price at the reporting date. The fair value of unquoted investments has been estimated based on recoverable amount of the investment.

Short term investments

Fair value of short term investments has been determined by reference to the net assets value of the managed funds at the end of the reporting period as quoted by the fund managers.

Derivatives

Fair value of forward currency contracts has been determined by reference to current forward exchange rates for contracts with similar maturity profiles. Where the quoted market price are not available, fair values are based on management's best estimate and are arrived by reference to the market prices of another contract that is substantially similar.

The Group's financial instruments carried at fair value by level of fair value hierarchy in which the different levels have been defined are as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments (cont'd)

2022 Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
<u>Financial assets</u>			
Other investments	275	248	523
Short term investments	-	654,908	654,908
Derivatives	-	4,799	4,799
	275	659,955	660,230
<u>Financial liabilities</u>			
Derivatives	-	240	240
Company			
<u>Financial assets</u>			
Other investments	275	23	298
Short term investments	-	460,271	460,271
	275	460,294	460,569
2021 Group			
<u>Financial assets</u>			
Other investments	274	248	522
Short term investments	-	632,310	632,310
Derivatives	-	1,759	1,759
	274	634,317	634,591
<u>Financial liabilities</u>			
Derivatives	-	397	397
Company			
<u>Financial assets</u>			
Other investments	274	24	298
Short term investments	-	433,350	433,350
	274	433,374	433,648

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 throughout the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns to its shareholders.

Financial risk management is carried out through risk review, internal control systems, benchmarking the industry's best practices and adherence to the Group's financial risk management policies.

The Group has been financing its operations mainly through internally generated funds as well as borrowings from licensed financial institutions. Other than foreign currency forward contracts, the Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The management of the Group monitors its financial position closely with an objective to minimise potential adverse effects on the performance of the Group. The management reviews and agrees on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(a) Credit risk

Credit risk arises when sales are made to customers on deferred credit terms.

The Group's exposure to credit risk is monitored on an ongoing basis through Group's management reporting procedures. The Group has its credit approvals and monitoring procedures in place to manage the credit risk exposure. The risk is managed through the application of the Group's extensive credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limit, regular monitoring and follow up procedures by senior management.

The Group does not require collateral in respect of financial assets and considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

Loss allowance is measured at an amount equal to lifetime ECL. The ECL are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the financial year.

The ageing analysis of receivables at reporting date which are trade in nature is as follows:

Group 2022	Loss		Net RM'000
	Gross RM'000	allowance RM'000	
Not past due	224,809	-	224,809
1 to 30 days past due	54,359	-	54,359
31 to 60 days past due	16,484	-	16,484
More than 60 days past due	4,152	-	4,152
<i>Credit impaired</i>			
Individually impaired	802	(802)	-
	300,606	(802)	299,804

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Group 2022	Gross RM'000	Loss allowance RM'000	Net RM'000
<u>Included under receivables</u>			
Trade receivables	287,620	(802)	286,818
Amount owing by an associate	9,883	-	9,883
Amounts owing by related companies	3,103	-	3,103
	<hr/>	<hr/>	<hr/>
	300,606	(802)	299,804
	<hr/>	<hr/>	<hr/>
2021			
Not past due	256,423	-	256,423
1 to 30 days past due	53,955	-	53,955
31 to 60 days past due	19,362	-	19,362
More than 60 days past due	4,001	-	4,001
<i>Credit impaired</i>			
Individually impaired	142	(142)	-
	<hr/>	<hr/>	<hr/>
	333,883	(142)	333,741
	<hr/>	<hr/>	<hr/>
<u>Included under receivables</u>			
Trade receivables	319,220	(142)	319,078
Amount owing by an associate	10,456	-	10,456
Amounts owing by related companies	4,207	-	4,207
	<hr/>	<hr/>	<hr/>
	333,883	(142)	333,741
	<hr/>	<hr/>	<hr/>

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM74,995,000 (2021: RM77,318,000) that are past due at the reporting date but not impaired. These balances relate to a large number of diversified customers that have good track record with the Group and the directors are of the view that these receivables are recoverable.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Receivables that are past due but not impaired (cont'd)

The movements in the credit loss allowances of trade receivables are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	142	473	-	5
Impairment loss recognised	686	3	-	-
Write back of impairment loss	(26)	(329)	-	-
Write off of impairment loss	-	(5)	-	(5)
At 31 December	802	142	-	-

The Group invests its surplus cash safely and profitably by depositing them with reputable and creditworthy licensed financial institutions.

Cash and cash equivalents, other receivables, amounts owing by related companies and short term investments are subject to insignificant credit loss as management does not expect any losses arising from non-performance by these counterparties.

(b) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in currencies other than the functional currency of the Group. The Group's exposure to foreign currency exchange risk is monitored on an ongoing basis.

Certain subsidiaries entered into foreign currency forward contracts in the normal course of business in order to limit their exposure and to manage exposure to fluctuations in foreign currency exchange rates. These contracts are entered into with reputable licensed banks.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign currency exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax on the outstanding foreign currency denominated monetary items to a reasonably possible change in the USD, RMB, EUR and VND exchange rates against the functional currency of the Group at reporting date, with all other variables held constant:

		Group	
		2022	2021
		RM'000	RM'000
		Increase/ (Decrease)	Increase/ (Decrease)
USD/RM	- strengthened 5% (2021: 5%)	3,296	1,910
	- weakened 5% (2021: 5%)	(3,296)	(1,910)
RMB/RM	- strengthened 5% (2021: 5%)	-	28
	- weakened 5% (2021: 5%)	-	(28)
EUR/RM	- strengthened 5% (2021: 5%)	(56)	44
	- weakened 5% (2021: 5%)	56	(44)
VND/RM	- strengthened 5% (2021: 5%)	(11)	-
	- weakened 5% (2021: 5%)	11	-

(c) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its fixed and short term deposits placed with licensed banks and bank borrowings.

Interest rate risk arising from fixed and short term deposits placed, which are all short term in nature, is managed by sourcing for the highest interest rate in the market amongst reputable licensed banks after taking into account the duration and availability of funds for the operational financial requirements of the Group.

Interest rate risk arising from bank borrowings is subject to fixed interest rates spread above the banks' base lending rate before the facilities are accepted.

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit after tax would have been RM25,866 (2021: RM381,302) higher/lower, arising mainly as a result of lower/higher interest expense/income from floating rate borrowings and fixed and short term deposits placed. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Price risk

The Group is exposed to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market prices.

The Group is exposed to price risk arising from changes in value caused by movements in market price of its investments in quoted shares. The risk of loss is minimised via thorough analysis before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments only after thorough analysis.

(e) Cash flow and liquidity risks

Cash flow and liquidity risks are the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The Group manages its working capital through preparation of cash flow forecast, assessment of customers' creditworthiness, prompt follow ups on overdue and slow paying customers, reviews of inventory holding, maintaining cordial relationships with suppliers, as well as obtaining short term credit facilities from the banks.

Analysis of financial instruments by remaining contractual maturities

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

Group 2022	On demand	1 to 5	More than	Total
	or within 1 year RM'000	years RM'000	5 years RM'000	
<u>Financial liabilities</u>				
Trade and other payables	232,747	-	-	232,747
Amount owing to immediate holding company	15	-	-	15
Amount owing to an associate	90,803	-	-	90,803
Amounts owing to related companies	14,214	-	-	14,214
Bank borrowings	91,815	6,479	-	98,294
Derivatives	240	-	-	240
	429,834	6,479	-	436,313
Lease liabilities	8,231	10,743	1,006	19,980
	438,065	17,222	1,006	456,293

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) Cash flow and liquidity risks (cont'd)

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

Group 2021	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>Financial liabilities</u>				
Trade and other payables	281,911	-	-	281,911
Amount owing to immediate holding company	12	-	-	12
Amount owing to an associate	92,890	-	-	92,890
Amounts owing to related companies	14,435	-	-	14,435
Bank borrowings	153,734	4,929	-	158,663
Derivatives	397	-	-	397
	543,379	4,929	-	548,308
Lease liabilities	7,632	11,774	1,471	20,877
	551,011	16,703	1,471	569,185
Company 2022				
<u>Financial liabilities</u>				
Other payables and accruals	4,342	-	-	4,342
Amount owing to a subsidiary	90	-	-	90
	4,432	-	-	4,432
Lease liabilities	96	96	-	192
	4,528	96	-	4,624
2021				
<u>Financial liabilities</u>				
Other payables and accruals	26,040	-	-	26,040
Amount owing to a subsidiary	5	-	-	5
Amount owing to a related company	2	-	-	2
	26,047	-	-	26,047
Lease liabilities	96	192	-	288
	26,143	192	-	26,335

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(f) Business risk

The Group is exposed to risk arising from fluctuations in the market prices of crude palm oil which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include government policy, environmental regulations, weather conditions and diseases. The Group has little or no control over these conditions and factors.

39. CAPITAL MANAGEMENT

The Group's primary objectives when managing its capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to sustain the future development of the business.

The capital structure of the Group consists of equity attributable to the shareholders of the Company, comprising share capital, reserves, retained profits and total debts, which consist of bank borrowings and lease liabilities.

The Group actively and regularly reviews and manages its capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid or issue new shares to shareholders. No changes were made in the objectives, policies or processes during the financial year.

The Company provides financial support to certain subsidiaries to enable these subsidiaries to operate as going concern and to meet their liabilities as and when they fall due.

Total borrowings to capital ratios at the reporting date are as follows:

Group	2022 RM'000	2021 RM'000
Share capital	214,720	214,720
Reserves	1,500,708	1,376,078
	<hr/>	<hr/>
	1,715,428	1,590,798
Non-controlling interests	132,135	99,763
	<hr/>	<hr/>
Total equity	1,847,563	1,690,561
	<hr/>	<hr/>
Bank borrowings	98,294	158,663
Lease liabilities	19,344	19,578
	<hr/>	<hr/>
Total borrowings	117,638	178,241
	<hr/>	<hr/>
Total borrowings to total equity (%)	6.37	10.54

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

40. COMPARATIVES

The following comparative figures have been reclassified to conform with current year's presentation.

Impact on Consolidated Statement of Financial Position as at 31 December 2021

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Property, plant and equipment	460,621	(131,013)	329,608
Right-of-use assets	18,909	131,013	149,922

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the board of directors on 16 May 2023.

STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies Act 2016

We, Whang Shang Ying and Khoo Heng Suan, being two of the directors of Lam Soon (M) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 23 to 95 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and financial performance and cash flows of the Group and of the Company 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.

Signed on behalf of the board of directors in accordance with a directors' resolution.

WHANG SHANG YING
Director

16 May 2023

KHOO HENG SUAN
Director

STATUTORY DECLARATION

Pursuant to Section 251 (1)(b) of the Companies Act 2016

I, Khoo Heng Suan, being the director primarily responsible for the financial management of Lam Soon (M) Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company for the financial year ended 31 December 2022 as set out on pages 23 to 95, are 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 above named
Khoo Heng Suan
at Kuala Lumpur
in the Federal Territory
on this 16 May 2023

KHOO HENG SUAN

Before me,

Commissioner of Oaths

Hj. Wan Azman bin Hj. Wan Abdullah (No: W728)
Pesuruhjaya Sumpah
Kuala Lumpur

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

The following is the list of directors who served on the boards of the subsidiaries since the beginning of the current financial year to the date of the Directors' Report:

<u>Name of Subsidiary</u>	<u>Name of Director</u>
1. Lam Soon Edible Oils Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Chua K Hong Mr. Lim Paw Serng (Alternate director to Mr. Whang Shang Ying) Mr. Khong Cheong Foo (Appointed on 10 March 2022) Mr. Lo Wye Kan (Appointed as alternate director to Mr. Khong Cheong Foo on 10 March 2022) Mr. Quick Back Heng @ Kuek Bak Heng (Resigned on 8 March 2022) Mr. Khew Chai Loong (Ceased as alternate director to Mr. Quick Back Heng @ Kuek Bak Heng on 8 March 2022)
2. Lam Soon Plantations Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Y. Bhg. Datuk Dr. Richard Sakian bin Gunting
3. LM Services Sdn. Bhd.	Mr. Andrew Kok Kuan Ming Mr. Long See Boon
4. Rennes Properties Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Yong Chee Hoong
5. Lam Soon Commodities Sdn. Bhd.	Mr. Khoo Heng Suan Mr. Chua K Hong
6. Lam Soon Food Industries Sdn. Bhd.	Mr. Chua K Hong Ms. Chau Sau Wei
7. Lam Soon Distribution Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Chua K Hong
8. Lam Soon Trading Sdn. Bhd.	Mr. Chua K Hong Mr. Yee Chai Kin
9. Pacific Oleochemicals Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Y. Bhg. Datuk Dr. Richard Sakian bin Gunting Mr. Low Yin Peng

DIRECTORS OF SUBSIDIARIES OF THE COMPANY (cont'd)

<u>Name of Subsidiary</u>	<u>Name of Director</u>
10. Pacoleo Pte. Ltd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Ms. Chan Chia Lin
11. LS Cyber DC Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Ong Chong Lai
12. Silk Holdings Pte. Ltd.	Mr. Whang Shang Ying Mr. Chia Sze Kang
13. Silk Vietnam Company Limited	Ms. Luong Hoang Thi Yen Loan (General Director)

No. of Shares Held:

FORM OF PROXY

I/We, I.C./Passport/Company No.:
of

being a member/members of LAM SOON (M) BERHAD, hereby appoint

of

OR failing him/her.....

of

OR failing him/her the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be conducted entirely through live streaming from the Broadcast Venue at Symphony Square Auditorium, 3A Floor, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 20 June 2023 at 3:00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a final single tier dividend of 5.0 sen per share in respect of the financial year ended 31 December 2022.		
2.	To approve the payment of a special single tier dividend of 10.0 sen per share in respect of the financial year ended 31 December 2022.		
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2022.		
4.	To re-elect Mr. Whang Shang Ying as a Director of the Company.		
5.	To re-elect Y. Bhg. Datin Shelina binti Razaly Wahi as a Director of the Company.		
6.	To re-elect Encik Shamsul Bahar bin Shamsudin as a Director of the Company.		
7.	To re-appoint Messrs. Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		

Please indicate with a "✓" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he thinks fit, or, at his discretion, abstain from voting.

Signed this day of 2023.

.....
Signature/Common Seal of Shareholder(s)

Email address	<input type="text"/>
Contact number	<input type="text"/>

NOTES:

i) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the Meeting to be physically present at the main venue of the Meeting in Malaysia.

Shareholders/proxies **WILL NOT BE ALLOWED** to attend this 41st Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the Meeting.

Shareholders are to attend, (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Electronic Voting ("RPEV") facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") via the Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com>.

ii) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

iii) The instrument appointing the proxy must be deposited at Boardroom's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or by electronic submission via the BSIP at <https://investor.boardroomlimited.com> (eProxy) not less than 24 hours before the time for holding the Meeting or any adjournment thereof.



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STAMP

The Share Registrar of
LAM SOON (M) BERHAD
Registration No.: 198201004526 (84273-H)

Boardroom Share Registrars Sdn. Bhd.
Registration No.: 199601006647 (378993-D)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

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