Building A Better Tomorrow

LAM SOON (M) BERHAD

Registration No.: 198201004526 (84273-H)

ANNUAL REPORT 2023

BURUH
MINYAK MASAK BERTAPIS

TAHAN 3X GORENG

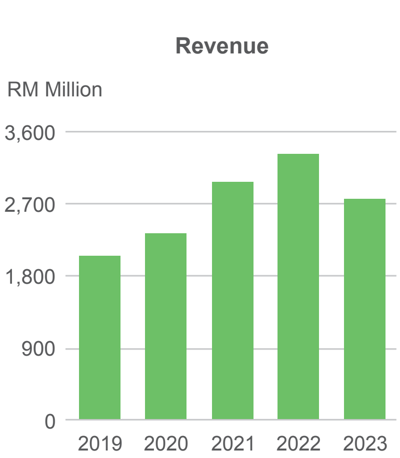
Lagi Tahan, Berbaloi

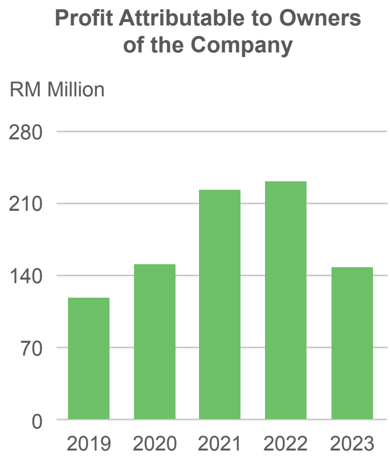
CONTENTS

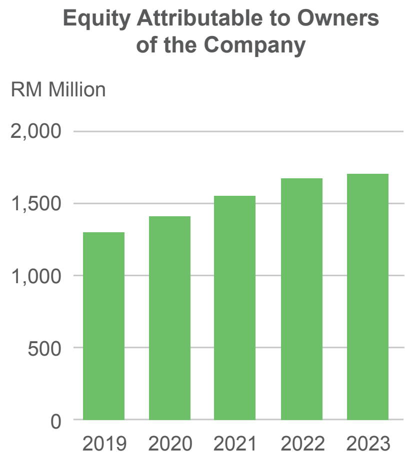
BOARD OF DIRECTORS	:	Whang Shang Ying *Executive Chairman* Khoo Heng Suan *Deputy Executive Chairman* Datin Shelina binti Razaly Wahi Shamsul Bahar bin Shamsudin Mah Kim Loong Leslie Khong Cheong Foo Lo Wye Kan (Alternate to Khong Cheong Foo)
SECRETARY	:	Thian Yew Fong *MAICSA 7011924* *SSM PC No.: 202008001039*
AUDITORS	:	Mazars PLT *Chartered Accountants*
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 Email : lamsoonpj@lamsoon.com.my Website : www.lamsoon.com.my
SHARE REGISTRAR	:	Boardroom Share Registrars Sdn. Bhd. 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Telephone : +60-(0)3-7890 4700 Fax : +60-(0)3-7890 4670

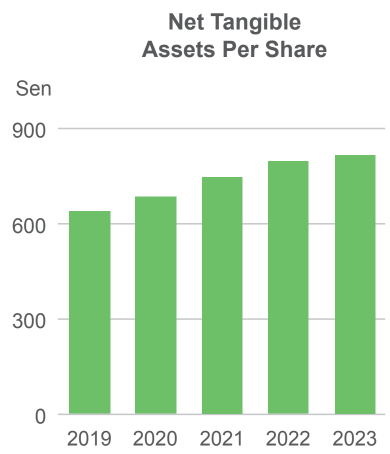
5-YEAR GROUP FINANCIAL HIGHLIGHTS

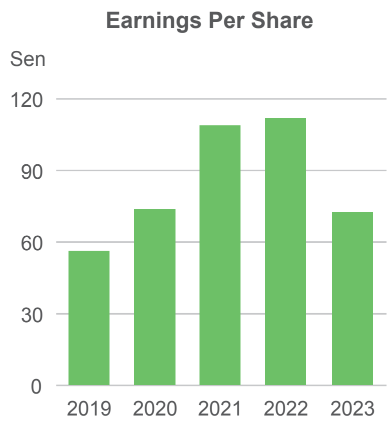
	Financial Years Ended 31st December (RM Million)				
	2019	**2020**	**2021**	**2022**	**2023**
Revenue	2,155	2,422	3,021	3,361	**2,765**
Profit Before Tax	157	214	334	352	**214**
Profit Attributable to Owners of the Company	119	157	232	237	**155**
Equity Attributable to Owners of the Company	1,363	1,466	1,591	1,715	**1,783**
Net Tangible Assets Per Share (Sen)	633	682	740	798	**829**
Earnings Per Share (Sen)	55.6	73.3	108.3	110.3	**72.3**
Net Dividend Per Share (Sen)	19.0	35.0	50.0	40.0	**40.0**

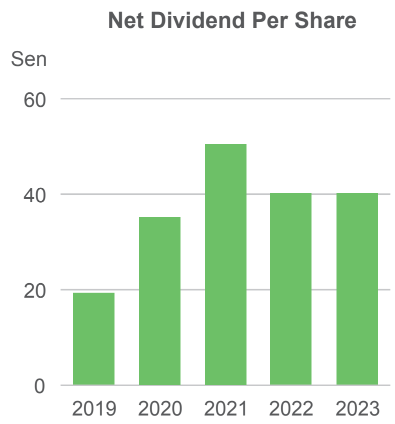












NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of LAM SOON (M) BERHAD will be conducted entirely through live streaming from the Broadcast Venue at Symphony Square Auditorium, 3A Floor, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 25 June 2024 at 3:00 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 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 2023:

   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 2023. **(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. Khoo Heng Suan **(Ordinary Resolution 4)**

   4.2 Mr. Mah Kim Loong Leslie **(Ordinary Resolution 5)**

5. To re-appoint Messrs. Mazars PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

6. 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
31 May 2024

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 42nd 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 2023 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.

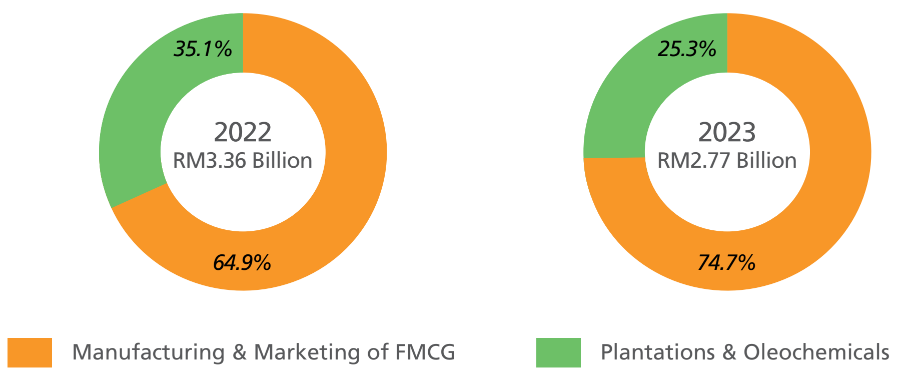
OVERVIEW:

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 2023.

In 2023, the global economy was marked by a slow recovery, hampered by weaker global demand across regional economies. Whilst central banks worldwide have managed to contain inflation, the tightening monetary policies have affected global growth. This, combined with the escalation of geopolitical conflicts, first in Ukraine then in the Middle East, have introduced significant uncertainty into the global landscape. Closer to home, the palm oil market has normalised to 2020/2021 levels. We do not expect to enjoy the exceptional profits from high crude palm oil ("CPO") prices of the past two years. At the beginning of 2023, CPO prices fell to about RM4,000/mt, then steadied between RM3,300 to RM3,800 for most parts of the year. Notwithstanding the above, the business of our Group has remained resilient thanks to our diversified business and prudent hedging of our CPO positions.

For the financial year under review, group revenue fell by 17.6% to RM2.77 billion (2022: RM3.36 billion). As the high CPO prices normalised in FY2023, the profitability of the Plantations and Oleochemicals segments was adversely affected. Group profit before tax accordingly declined to RM213.60 million (2022: RM351.59 million). At company level, dividends received from subsidiaries, associates, and other investments, increased by 10.8% to RM156.69 million (2022: RM141.43 million); this led to higher profit before tax of RM164.58 million (2022: RM144.06 million).

REVENUE BY BUSINESS ACTIVITY



FAST MOVING CONSUMER GOODS ("FMCG")

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

Post COVID-19 pandemic, high inflation caused by volatile commodity prices brought about a change in consumption behaviour as shoppers traded down and looked for more value. LSEO's total revenue declined by 5.1% to RM2.06 billion (2022: RM2.17 billion). This, in turn, led to lower profit before tax of RM104.26 million (2022: RM113.46 million).

2023 was a challenging year for our Agency business which registered a 1.7% drop to RM1.09 billion sales revenue. The loss of the Lee Kum Kee agency (RM60 million impact), coupled with the drastic price increases for Arla, affected the Agency business. On a positive note, the strong growth for our Southern Lion and Spices & Seasonings Specialities businesses helped mitigate the decline.

Southern Lion, our largest Agency business, continues to grow strongly at 10%. The key Fabric Care business, which contributed 78% to Southern Lion's revenue, grew by double digit, driven by Biozip and Top Liquid brands. Oral and Beauty Care also performed satisfactorily.

The dairy business under Arla Foods declined by 28% due to steep increase in dairy prices caused by the continuing Ukraine-Russia war. Despite losing some key HORECA customer contracts, we still managed to achieve 105% against our internal forecast.

Our Mayonnaise Spices & Seasonings business, continues to register good momentum with 10% growth. It was mainly supported by the expansion of distribution for retail packs.

Southern Lion Sdn. Bhd. ("SLSB")

SLSB, our 50% associate, delivered an overall sales of RM779.62 million, achieving a surplus of 7.8% over the previous year (2022: RM723.06 million). Successful implementation of Lion Fair in August and September, coupled with competitive pricing and additional brand campaigns in the 4th quarter, contributed to the growth. Fabric care segment remains as the largest contributor with 71% of total business, while the personal care category accounted for 20% of the total business; the remaining is for home care and exports.

TOP detergent continued with its innovative leadership with the launch of new TOP Magical Infusion powder variant in October 2023. It is the first detergent to release a premium floral fragrance that enhances mood and refreshes senses whilst thoroughly cleaning clothes. Focusing on consumers with active lifestyle, TOP Hygienic range was relaunched in August 2023 with new breakthrough Anti-Sweat for eliminating 99.9% odour-causing bacteria, with essential oil added for a natural fragrance. TOP Smart Clean low suds liquid detergent was relaunched in Nov 2023 with added baking soda, a natural ingredient that provides powerful cleaning, yet is safe and gentle to the skin (dermatologically tested).

SLSB's profit before tax for the year soared to RM46.16 million (2022: RM13.07 million). This was mainly contributed by stable material price in current year as well as strong sales growth.

Marketing Activities

Despite a subdued consumer market in the first half of 2023, LSEO remained competitive by driving its mid-priced brands such as Buruh refined oil, Antabax and Lion's Shokubutsu, all of which helped sustain the Company's growth trajectory.

As the FMCG market recovered and with lower raw materials prices in the second half of 2023, the Company amplified its brand presence and sales generation by rolling out its consumer engagement and channel programmes. Turning around a challenging year, the Company continued to improve its brand share in most of its core categories such as Cooking Oil, Dishwash and Personal Wash.

It is your Group's conviction that a consistent brand building commitment is necessary to achieve business resiliency and competitive advantage. The following brand accolades and awards testify to the trust and bonds with our consumers:

Brands	Awards
Knife	2023 Reader's Digest Trusted Brand Award (Gold)
	2023 Brand Laureate Award (National's Favourite Brand - Cooking Oil)
Cap Buruh	2023 Reader's Digest Trusted Brand Award (Gold)
Naturel	2023 Reader's Digest Trusted Brand Award (Gold)
	2023 Brand Laureate Award (Brand Choice Award – Olive Oil)
Antabax	2023 Brand Laureate Award (Brand of the Year – Medicated Personal Wash Category)

Manufacturing Activities

Product quality and food safety remain our top priorities in manufacturing. In 2023, the Teluk Panglima Garang ("TPG") factory has successfully obtained ISO 9001 and ISO 14001 re-certification, in addition to HACCP, MS682, Halal, MSPO and RSPO supply chain certification systems.

Several improvements were made to the existing processing plant at the TPG factory:

- Installed a new smoke ventilation system at the factory and performed fire protection upgrades to existing buildings.
- Completed installation of case over packer ("COP") to reduce packaging material costs and increase production efficiency.
- Introduced COP machines with pick-and-place functions in an oil packing line and automatic self-adhesive labels in another to reduce labour and increase productivity.
- Addition of six more CCTV units to enhance the CCTV coverage of the facility.

In addition to plant and process improvements, the TPG factory has begun a revamp of its automated storage and retrieval system, which is more than 25 years old. This will improve overall warehouse management and increase throughput speed. The project started in August 2023, and the first and second phases will be completed in June 2024 and June 2025, respectively.

Pasir Gudang ("PSG") factory has invested in a new 250g brick machine from Europe offering flexibility in packaging sizes for new products. To improve processing operations, upgrades have been made including replacing old-jacketed blending tanks. The installation of shell and tube heat exchangers also helps support a consistent temperature and process control, leading to increased efficiency and higher product quality.

Furthermore, PSG has successfully reduced glycidyl fatty acid esters level of palm oil to adhere to European Union regulations. Through precise parameter controls and utilising PSG's capabilities, we ensure that our palm products meet strict regulatory requirements. These efforts showcase our dedication to environmental responsibility, operational efficiency, and high product standards.

Additionally, our Research and Development team successfully introduced two new products:

- Naturel Olive Spread with Calcium:

  To offer customers more nutritional choices, Naturel Olive Spread with Calcium was launched in Singapore. This spread provides a tasty and convenient way to boost calcium intake which is crucial for bone and teeth health.

- Bakery Fat:

  In collaboration with a global burger chain, we have developed a Trans-Free bakery fat for their burger buns. Utilising their proprietary recipe and our specially formulated bakery fat, the burger buns are described as soft, light, fluffy, and healthier.

PLANTATIONS & OLEOCHEMICALS

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

LSP, at the group level, achieved revenue of RM690.48 million (2022: RM1,183.34 million) with profit before tax of RM72.02 million (2022: RM222.63 million).

At the company level, it reported revenue of RM122.42 million (2022: RM158.46 million). Profit before tax declined to RM122.20 million (2022: RM132.38 million) due to the effect of lower realised average selling prices of CPO and palm kernel but mitigated by higher sales volume and lower production cost.

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

For the same reasons, our 38.8% associate, DLS experienced a drop in profit before tax by 47.6% to RM40.21 million (2022: RM76.78 million) despite higher sales volume. This has resulted in a contribution of net profit of RM11.45 million (2022: RM24.36 million) to the Group's results, a reduction of 53.0%.

To mitigate the rising costs, DLS has continued to invest in mechanisation of fruit collection by investing nearly RM3.5 million so far.

Pacific Oleochemicals Sdn. Bhd. ("POC")

2023 was an incredibly challenging year for POC as we see newer oleochemical players coming into the industry. Tepid global market recovery as mentioned above and glut in Europe and USA/LATAM has resulted in a weak demand. Coupled with surplus supply, we see extremely competitive prices for basic products like fatty acid and glycerine. Most major plants did not run at full capacity for 2nd half of 2023, while some chose to trade instead of producing to save costs. All these factors contributed to lower shipped-out volume by 7.0% compared to last year. The falling average selling prices led to a fall in total revenue by 44.8% to RM563.97 million (2022: RM1,020.90 million). Stiffer price competition to retain market share negatively impacted our product margins – which resulted in POC's decline in profit before tax by 95.5% to RM5.38 million (2022: RM118.56 million).

Amidst the competitive market environment, POC is taking steps to maintain its cost competitiveness and built four additional storage tanks to give greater flexibility to our production schedules. Furthermore, the commissioning of the 3.4MW cogeneration plant in end-Dec 2022 has helped to alleviate approximately RM5.88 million in cost savings in 2023.

SUSTAINABILITY AND COMMUNITY INITIATIVES

At 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 share best practices and to create meaningful sustainability programmes with a view to achieving the United Nations' Sustainable Development Goals.

Effluent control initiatives

- Pasir Gudang:
  - We have completed construction of a bund wall at a primary storage tank farm. This wall is essential for containing any accidental material leaks and allows for timely remedial actions to be implemented.
  - The wastewater treatment plant ("WWTP") has been upgraded to include the implementation of recirculation systems to minimise water wastage.
- POC: Started a project to reduce WWTP sludge and working with customers towards replacing wooden pallets with recyclable plastic pallets.

Energy Efficiency and Conservation

- Pasir Gudang: The installation of a modern air compressor to replace the old one. The new compressor, equipped with state-of-the-art technology and energy-efficient motors, not only improves the generation of compressed air but also helps to save on electricity costs.
- POC:
    - Installation of economiser at the splitting plant – Expected to generate up to 5% cost savings for our splitting plant while reducing carbon emissions (up to 450MT of carbon dioxide equivalent per year).
    - Revamping of new cooling towers – Expected to reduce our energy consumption while improving our production efficiency.
- LSP: Biogas Plant comes with gas engine expected to commission by June 2024, when commission it will reduce palm oil mill fossil fuel consumption by 80% and emission of greenhouse gas by 90%.

Additionally, in our efforts to provide better housing for our staff and workers at our plantation, eight units of staff housing and four units of worker's house were constructed at LSP estate, in Lahad Datu, Sabah during the year.

PROSPECTS

The Malaysian economy continued to show strength and resilience in 2023. Despite the challenging external environment, Malaysia's gross domestic product grew by 3.7%. Amidst the slowdown in the global economy and inflationary pressures domestically, Bank Negara Malaysia considered and managed the complex policy trade-offs and interdependencies between inflation, growth, and preserving confidence in the ringgit.

Although ahead of us awaits a year forecasted to bring about a somewhat gloomier global economic outlook, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2024. 1st quarter 2024 registered a 4.2% growth, driven by stronger private expenditure and positive turnaround in exports. This is further supported by the recent report from Department of Statistics Malaysia stating that year-to-date March 2024 wholesale & retail trade (excluding motor vehicles) have grown by 5.0% vs last year. Headline inflation is expected to average between 2.0% and 3.5% in 2024 (partly reflecting the potential upside from domestic subsidy rationalisation).

To ride the wave of challenges ahead, efforts are being directed to enhance our cost efficiencies and improve our productivity without sacrificing quality. The Management at Lam Soon Group remains cautious and prudent on capital expenditure as we seek to rein in our costs while focusing on digitalisation to reduce manual labour and the use of natural resources.

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 2023 (2022: 25.0 sen per share, RM53.68 million).

Despite challenges in 2023, your Board is pleased to recommend a final single tier dividend of 5.0 sen per share and special single tier dividend of 10.0 sen per share, amounting to RM32.21 million (2022: final of 5.0 sen and special of 10.0 sen per share or RM32.21 million) for shareholders' approval at the forthcoming Annual General Meeting.

The proposed final single tier and special single tier dividend will bring the total net dividend payments for the financial year ended 31 December 2023 to 40.0 sen per share or RM85.89 million (2022: 40.0 sen per share or RM85.89 million).

APPRECIATION

On behalf of the Board, I would like to take this opportunity to commemorate our former Executive Chairman, the late Mr. Whang Tar Liang, who passed away in August 2023. He was with the Company from its very beginning, when it built its first factory in Petaling Jaya in the late 1950s. He also built up our extensive branch network throughout the country which has served your company well up to today. Under Mr. Whang, our Knife became the best-selling cooking oil in Malaysia. He also expanded the Company's scope by diversifying into upstream plantations and entering into joint ventures with Lion Corporation and Akzo Nobel in the 1980s. We will always remember his dedication and vision which shaped Lam Soon's journey over the years.

We also mourn the demise in 2022 of another Lam Soon stalwart, Mr. Kuek Bak Heng, who led our sales and marketing department for many years. My fellow directors, Mr. Khoo Heng Suan and Mr. Lo Wye Kan, have penned personal and deeply felt tributes to Messrs. Whang and Kuek respectively in the following pages. We remain committed to upholding the values and principles of hard work, integrity, modesty, and service to the community that they personified.

In closing, we would like to thank the Management and all our employees for their loyal and dedicated service. We would like to take this opportunity to thank all our customers, business partners, government agencies and shareholders for their continued support and confidence in our Group where we will continue to do our best to live up to your aspirations and demands.

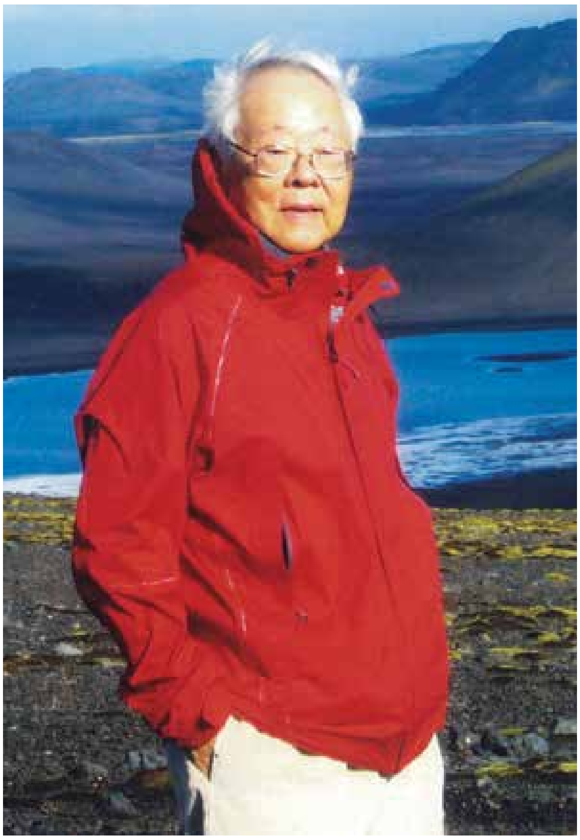
I would also like to express my appreciation to my fellow Board members for their support and invaluable advice throughout the year.

Whang Shang Ying
Executive Chairman

21 May 2024

Tribute to Mr. Whang Tar Liang (1927 – 2023)

(By Mr. Khoo Heng Suan, Deputy Executive Chairman)



Mr. Whang Tar Liang ("TL") (1927-2023) had been with the Company since it started its business in Malaysia in the late 1950s. At the time, the Company was principally in the manufacturing and distribution of cooking oil, soap, and margarine. He was the younger brother of Whang Tar Choung ("TC"), who chaired the Company. As the business grew, TC spent more time on Lam Soon Hong Kong while TL focused on the business in Malaysia.

TL had a degree in Chemistry from the University of California, Berkeley. Being a university graduate, he sought to professionalise the small family firm. Accordingly, TL engaged the firm Price Waterhouse as management consultant for advice. I was then working for Price Waterhouse. The firm advised that the Company needed to engage an internal auditor to go through the management system and controls, and I was shortlisted for the task. When I joined the Company, its audited accounts were three years behind time! This had been going on for a long time as all records were manual.

Initially, there were some grumblings by the senior managers in Hokkien that we were 'tying up their hands and feet` – they called me Young Khoo then. Mr. TL Whang however was clear in his objective and very supportive in the implementation of the new management systems. Together with Mr. TL Whang's sharp insight of the operations and experience, we began to revamp the management systems and controls – starting with computerising the operations and setting up of internal audits.

Mr. TL Whang oversaw the successful conversion of Lam Soon into a public company, Lam Soon (M) Berhad in 1985. He assigned me to handle many aspects of this major corporate exercise.

In the 1980s, TL saw the business opportunity for the company to invest upstream in the palm oil value chain, i.e. oil palm estate. I was tasked to undertake the plantation project. We started in Pahang, partnering with a government-linked company ("GLC") by studying the location's potential and developing 10,000 acres into oil palm cultivation. The project proved to be a success.

We next started another joint venture project with the Sabah state GLC in Lahad Datu. We identified 14,500 acres of suitable land to be earmarked for development and cultivation of oil palm and cocoa. The cocoa business was loss making and after much agonising, the decision was taken to convert all to oil palms. Thereafter it quickly turned profitable.

Mr. TL Whang announcing ballot results of Lam Soon (M) Berhad private share placement in 1985

Mr. TL Whang on the golf course with senior management of Lion Corporation Japan and Khun Boonsithi Chokwatana of Sahapat Group, Thailand

Mr. TL Whang also recognised the need for us to diversify our operations. This led to our successful joint venture with Lion Corporation of Japan. He also supported the joint venture in Oleochemicals with our Dutch partner, Akzo Nobel whom we eventually bought out.

TL was a very experienced and sharp palm oil trader and had a good feel for the markets. I am thankful for what I have learnt from him. He was also a keen golfer and would have lunch with me at Saujana Golf & Country Club. I was a beginner then, and after he taught me course management, my score improved! Golf was also a way for Mr. TL Whang to bond with members of the senior management of Lion Corporation of Japan and thus get to know them well.

In the late 1990s, the Company suffered great adversity when we lost a major trademark due to some illegal manoeuvring by a third party. The entire process of having to go courts and engaging lawyers was very stressful. Fortunately, under TL's guidance we won the case. He even had to undergo cross examination in the Singapore High Court. His convincing testimony helped the Company to get our trademark back.

In the last decade of his working life (2001 – 2011), TL served as the Executive Chairman of Lam Soon (M) Berhad. By the time he retired in 2011, the Company had group revenue of RM2.4 billion, shareholders' equity of RM1.6 billion and over 3,000 employees. As such TL built the solid foundations for the growth of the business which continues until today.

Get-together of the Board of Directors for Lam Soon (M) Berhad, Lam Soon (Thailand) Public Company Limited and United Palm Oil Industry Public Company Limited in Chiangmai, Thailand

In Memory of Mr. Kuek Bak Heng (1949 – 2022)

(By Mr. Lo Wye Kan, Director of Brand Marketing)

Mr. Kuek alongside Mr. Whang Shang Ying at the Lam Soon Regional Meeting in Penang, 2004

Mr. Kuek Bak Heng, who was born in 1949, graduated with a degree in Chemistry (University of Malaya). He joined Lam Soon as a Marketing Executive in January 1976, and rose through the ranks to retire as Senior Executive Director (Sales & Marketing).

In 1980, Mr. Kuek took the helm of the East Coast Sales Region as its Branch Manager. In 1995, the Managing Director, Mr. TL Whang promoted him to be Marketing Director, heading the Sales & Marketing Division.

At that time, as part of a group restructuring, Lam Soon transferred its edible oil refining plants from Petaling Jaya to Pasir Gudang. As a result, Lam Soon became less cost competitive and lost most of the bulk oil businesses. Mr. Kuek thus pivoted to building our consumer products portfolio. He channelled profits from the fast-growing Southern Lion business to invest in and strengthen our Lam Soon brands. Under his stewardship, Lam Soon Edible Oils Sdn. Bhd. ("LSEO") experienced unprecedented growth, with annual sales exceeding RM1 billion a year in 2008 (from a base of RM400 million in the early 2000s).

In the late 1990s, Mr. Kuek worked hand in hand with LSEO Executive Director, Mr. Whang Shang Ying and myself on ***Naturel***. The brand had been launched as a healthy oil in 1993. However, the nutritional message did not resonate with consumers and sales was miniscule (only 34 metric ton a month in 1998!). Repositioning it as a lifestyle brand enabled the brand to take off. It was Mr. Kuek who came up with the catchy phrase "flower power". (As a trained Chemist, he of course knew that flower does not produce oil; the oil comes from sunflower seed and canola seed. But he understood the power of having the right brand imagery). Today ***Naturel*** is the No. 1 Soft Oil and Olive Oil brand in Malaysia as well as Singapore. Mr. Kuek also led the development of ***Antabax***, which has since become a leading Medicated Personal Wash brand in Malaysia with annual sales in excess of RM100 million. For the ***Antabax*** logo, he noted that the "X" looked empty, so suggested that the designer to fill it with a red dot. This has now become part of the brand identity.

Mr. Kuek was the recipient of the year's Brand Laureate Award for FMCG Man of the Year 2014 - 2015

Despite his friendly demeanour, Mr. Kuek was firm and uncompromising when it came to defending Lam Soon's interests. Mr. Kuek was an outstanding leader who built a harmonious workplace and fostered a culture of taking ownership, motivating every manager to manage the business as our own, not merely as an employee. He empowered his team members to make decisions and take on the accountabilities.

In 2005, he brought me from Agency Products into Cooking Oil Brands and coached me patiently into a brand marketer. It was an unforgettable journey. He guided me through all facets of practical brand marketing and trade techniques and public affair components such as communication, government relations and public issues management.

Mr. Kuek with management colleagues of Lam Soon Singapore, Thailand, Malaysia and Ace Canning, 2004

As a basic staple, cooking oil is a highly regulated industry. Mr. Kuek served as Chairman of the Cooking Oil Committee of the Malayan Edible Oil Manufacturers' Association (MEOMA). I was able to observe at first-hand how he collaborated with all cooking oil players to work closely with relevant Government Ministries to resolve many industry challenges and issues. His professionalism reinforced Lam Soon's strong reputation in the industry.

He shared that he was always thankful to Lam Soon for giving him exposure across sales and marketing functions. He succeeded because of his determination, versatility and adaptability. An avid learner, Mr. Kuek's favourite quote was "Unlearn and Relearn". With rapid changes in the environment, he always encouraged us to keep learning.

With an illustrious career spanning over 46 years in Lam Soon, Mr. Kuek retired from the company in early 2022 and passed away in June 2022. His absence leaves a void that cannot be filled. We are eternally grateful for his leadership, mentorship, and contributions to our company. May we honour the wonderful memories he brought to us and strive to carry forward his legacy for the future.


Mr. Kuek with LSEO sales and marketing colleagues graciously hosted guests from Yinger Peanut Butter Factory of China

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 2023.

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	167,659	162,032
Attributable to:		
Owners of the Company	155,279	162,032
Non-controlling interests	12,380	-
	167,659	162,032

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 2022:	
- Final and special single-tier dividend of 5 sen per share and 10 sen per share respectively, paid on 2 August 2023	32,208
In respect of the financial year ended 31 December 2023:	
- First interim single-tier dividend of 15 sen per share, paid on 2 November 2023	32,208
- Second interim single-tier dividend of 10 sen per share, paid on 28 December 2023	21,472
	85,888

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 2023, 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 these proposed dividends. Such dividends, if approved, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

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
Mr. Lo Wye Kan (Alternate director to Mr. Khong Cheong Foo)
Encik Shamsul Bahar bin Shamsudin

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' 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 1-1-2023	**Bought**	**Sold**	**At 31-12-2023**
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' INTERESTS IN SHARES (cont'd)

	Number of ordinary shares			
	At 1-1-2023	Bought	Sold	At 31-12-2023
Dara-Lam Soon Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	51,000,000	-	-	51,000,000
Mr. Khoo Heng Suan				
- deemed interest	-	1,000,000	-	1,000,000
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	37,044,120	6,777,150	-	43,821,270
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	11,663,793	-	-	11,663,793
- deemed interest	224,273,313	-	-	224,273,313
Mr. Khoo Heng Suan				
- deemed interest	20,908,160	1,000,000	-	21,908,160
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

DIRECTORS' INTERESTS IN SHARES (cont'd)

	<---------------- Number of ordinary shares			---------------->
	At 1-1-2023	Bought	Sold	At 31-12-2023
Rennes Properties Sdn. Bhd.				
Mr. Whang Shang Ying - deemed interest	113,947,932	-	-	113,947,932
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. (Deregistered on 4 March 2024)				
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

DIRECTORS' INTERESTS IN SHARES (cont'd)

	<---------------- Number of ordinary shares ---------------->			
	At 1-1-2023	Bought	Sold	At 31-12-2023
Silk Holdings Pte. Ltd.				
Mr. Whang Shang Ying				
- deemed interest	6,971,059	-	-	6,971,059
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 2023 has been increased from VND102,682,350,000 to VND114,417,350,000.

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	1,890	270
Other emoluments	13,537	-
Purchases from a company in which a director of the Company has financial interest	3	-

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 were RM10,000,000 and RM33,210 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.

OTHER INFORMATION (cont'd)

(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.

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 RM433,924 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

KHOO HENG SUAN
Director

21 May 2024

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 2023 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 material accounting policy information, as set out on pages 27 to 98.

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 2023, 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.

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.

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

21 May 2024

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	409,762	367,519	691	401
Investment properties	4	73,176	75,003	61,908	64,451
Land held for property development	5	59,786	62,266	-	-
Right-of-use assets	6	139,485	146,621	87	174
Intangible assets	7	2,572	2,572	-	-
Investments in subsidiaries	8	-	-	379,715	379,715
Investments in associates	9	152,902	149,221	11,135	11,135
Other investments	10	500	523	275	298
Deferred tax assets	11	5,478	4,693	-	-
		843,661	808,418	453,811	456,174
CURRENT ASSETS					
Inventories	12	399,258	424,422	-	-
Biological assets	13	2,740	2,703	-	-
Trade and other receivables	14	306,297	314,192	329	546
Amounts owing by subsidiaries	8	-	-	401	295
Amount owing by an associate	9	10,412	9,883	-	-
Amounts owing by related companies	15	4,870	5,692	133	-
Short term investments	16	740,466	654,908	538,752	460,271
Current tax assets		6,964	29	-	-
Derivatives	17	2,087	4,799	-	-
Short term deposits	18	46,086	91,487	-	-
Cash and bank balances	19	19,485	23,880	142	146
		1,538,665	1,531,995	539,757	461,258
TOTAL ASSETS		2,382,326	2,340,413	993,568	917,432

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY					
Share capital	20	214,720	214,720	214,720	214,720
Reserves	21	1,568,358	1,500,708	772,491	696,370
Equity attributable to owners of the Company		1,783,078	1,715,428	987,211	911,090
Non-controlling interests		119,262	132,135	-	-
TOTAL EQUITY		1,902,340	1,847,563	987,211	911,090
NON-CURRENT LIABILITIES					
Lease liabilities	6	7,707	11,167	-	94
Deferred tax liabilities	22	26,504	24,814	1,641	1,682
Bank borrowings	23	-	6,479	-	-
		34,211	42,460	1,641	1,776
CURRENT LIABILITIES					
Trade and other payables	24	251,137	233,885	4,378	4,342
Amounts owing to subsidiaries	8	-	-	81	90
Amount owing to immediate holding company	25	13	15	-	-
Amount owing to an associate	9	139,750	90,803	-	-
Amounts owing to related companies	15	10,656	14,214	1	-
Lease liabilities	6	7,039	8,177	94	91
Bank borrowings	23	27,826	91,815	-	-
Derivatives	17	184	240	-	-
Current tax liabilities		9,170	11,241	162	43
		445,775	450,390	4,716	4,566
TOTAL LIABILITIES		479,986	492,850	6,357	6,342
TOTAL EQUITY AND LIABILITIES		2,382,326	2,340,413	993,568	917,432

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	26	2,765,033	3,361,319	163,227	147,703
Cost of sales	27	(2,320,978)	(2,759,804)	(3,892)	(3,922)
Gross profit		444,055	601,515	159,335	143,781
Other income		35,944	25,374	11,381	5,908
Selling and distribution expenses		(134,682)	(145,151)	-	-
Administrative and general expenses		(157,365)	(154,238)	(6,136)	(5,618)
Finance costs	28	(3,172)	(5,006)	(5)	(9)
Share of results of associates (net of tax)		28,824	29,097	-	-
Profit before tax	29	213,604	351,591	164,575	144,062
Tax expense	30	(45,945)	(82,887)	(2,543)	(1,716)
Profit for the financial year		167,659	268,704	162,032	142,346
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value (loss)/gain on equity investments at fair value through other comprehensive income ("FVTOCI")		(23)	1	(23)	1
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences on foreign operation		255	159	-	-
Total other comprehensive income/(loss)		232	160	(23)	1
Total comprehensive income for the financial year		167,891	268,864	162,009	142,347

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit for the financial year attributable to:					
Owners of the Company		155,279	236,909	162,032	142,346
Non-controlling interests		12,380	31,795	-	-
		167,659	268,704	162,032	142,346
Total comprehensive income attributable to:					
Owners of the Company		155,510	237,069	162,009	142,347
Non-controlling interests		12,381	31,795	-	-
		167,891	268,864	162,009	142,347
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	31	72.32	110.33		
Net dividend per ordinary share (sen)					
- distribution during the financial year		40.00	45.00		
- proposed for the financial year					
- Final		5.00	5.00		
- Special		10.00	10.00		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group 2023	Note	Share capital RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Merger reserve RM'000	Equity investment reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		<---- Attributable to owners of the Company ----								
		<---- Non-distributable ---->					Distributable			
At 1 January 2023		214,720	196,909	(960)	6,011	(3,357)	1,302,105	1,715,428	132,135	1,847,563
Fair value loss on equity investments at FVTOCI		-	-	-	-	(23)	-	(23)	-	(23)
Foreign currency translation differences on foreign operation		-	-	254	-	-	-	254	1	255
Total other comprehensive income/(loss) for the financial year		-	-	254	-	(23)	-	231	1	232
Profit for the financial year		-	-	-	-	-	155,279	155,279	12,380	167,659
Total comprehensive income/(loss) for the financial year		-	-	254	-	(23)	155,279	155,510	12,381	167,891
Transactions with owners:										
- Dividends of the Company	32	-	-	-	-	-	(85,888)	(85,888)	-	(85,888)
- Dividends of subsidiaries		-	-	-	-	-	-	-	(29,296)	(29,296)
Effect of changes in equity interest in a subsidiary	8(a)	-	-	-	-	-	(1,972)	(1,972)	4,042	2,070
		-	-	-	-	-	(87,860)	(87,860)	(25,254)	(113,114)
At 31 December 2023		214,720	196,909	(706)	6,011	(3,380)	1,369,524	1,783,078	119,262	1,902,340

		<---- Attributable to owners of the Company ----								
		<---- Non-distributable ----				--> Distributable				
Group 2022	**Note**	**Share capital RM'000**	**Capital reserve RM'000**	**Currency translation reserve RM'000**	**Merger reserve RM'000**	**Equity investment 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	8(b)	-	-	-	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	31,795	268,704
Total comprehensive income for the financial year		-	-	159	-	1	236,909	237,069	31,795	268,864
Transactions with owners:										
- Dividends of the Company	32	-	-	-	-	-	(96,624)	(96,624)	-	(96,624)
- Dividends of subsidiaries		-	-	-	-	-	-	-	(21,343)	(21,343)
Effect of changes in equity interest in a subsidiary	8(a)	-	-	-	-	-	(11,567)	(11,567)	21,920	10,353
		-	-	-	-	-	(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

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<---- Non-distributable--->		Distributable	
	Share capital RM'000	Equity investment reserve RM'000	Retained profits RM'000	Total equity RM'000
Company				
At 1 January 2022	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
Other comprehensive loss for the financial year	-	(23)	-	(23)
Profit for the financial year	-	-	162,032	162,032
Dividends (Note 32)	-	-	(85,888)	(85,888)
At 31 December 2023	214,720	145	772,346	987,211

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	213,604	351,591	164,575	144,062
Adjustments for:				
Bad debts written off	262	275	-	-
Depreciation of property, plant and equipment	37,631	35,172	66	48
Depreciation of investment properties	2,367	2,510	3,083	3,070
Depreciation of right-of-use assets	11,141	11,769	87	88
Deficit on liquidation of a subsidiary	-	16	-	-
Fair value (gain)/loss on biological assets	(37)	1,062	-	-
Gain on termination of lease contracts	(95)	(9)	-	-
Gratuity and retirement benefits	7,104	3,445	-	-
Impairment loss on trade receivables	489	686	-	-
Inventories written (back)/down	(13,836)	10,104	-	-
Inventories written off	1,307	2,213	-	-
Loss on redemption of short term investments	-	7	-	7
Net gain on disposal of property, plant and equipment	(100)	(1,029)	-	-
Net fair value gain on short term investments	(16,129)	(8,519)	(10,056)	(5,083)
Net fair value loss/(gain) on derivatives	2,656	(3,197)	-	-
Net unrealised (gain)/loss on foreign exchange	(1,874)	2,459	-	-
Property, plant and equipment written off	1,822	382	-	-
Investment properties written off	2	-	2	-
Land held for property development written off	2,480	-	-	-
Share of results of associates	(28,824)	(29,097)	-	-
Reversal of impairment loss on trade receivables	(228)	(26)	-	-
Dividend income	(7)	(7)	(148,477)	(136,908)
Dividend income from short term investments	(10,961)	(5,931)	(8,215)	(4,525)
Interest income	(3,677)	(1,883)	(39)	(33)
Interest expenses	3,172	5,006	5	9
Operating profit before working capital changes	208,269	376,999	1,031	735
Changes in inventories	36,502	28,085	-	-
Changes in receivables	8,408	79,786	(22)	(217)
Changes in payables	55,497	(78,434)	28	(143)
Cash generated from operations	308,676	406,436	1,037	375
Interest paid	(595)	(864)	(5)	(9)
Net tax paid	(54,043)	(94,002)	(2,465)	(1,933)
Net cash generated from/(used in) operating activities	254,038	311,570	(1,433)	(1,567)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries	-	(17,414)	-	-
Effect from acquisition of subsidiaries	-	3,162	-	-
Purchase of property, plant and equipment	(81,603)	(70,900)	(356)	(16)
Purchase of investment properties	(542)	-	(542)	-
Net purchase of short term and other investments	(69,429)	(14,086)	(68,425)	(21,845)
Proceeds from disposal of property, plant and equipment	191	1,154	-	-
Proceeds from capital repayment by an investee company	-	1	-	1
Distribution received upon liquidation of a subsidiary	-	74	-	-
Advance to subsidiaries	-	-	-	(22)
Interest received	3,677	1,883	39	33
Dividends received from subsidiaries	-	-	139,307	128,728
Dividends received from associates	26,503	24,493	9,163	8,173
Dividends received from short term and other investments	10,968	5,938	8,222	4,532
Proceeds from issuance of ordinary shares by a subsidiary	2,070	10,353	-	-
Net cash (used in)/generated from investing activities	(108,165)	(55,342)	87,408	119,584
CASH FLOWS FROM FINANCING ACTIVITIES				
Net repayment of bank borrowings (Note a)	(70,468)	(60,369)	-	-
Lease payments	(8,725)	(9,144)	(91)	(87)
Dividends paid to shareholders of the Company	(85,888)	(118,096)	(85,888)	(118,096)
Dividends of subsidiaries paid to non-controlling interests	(29,296)	(21,343)	-	-
Interest paid	(2,577)	(4,142)	-	-
Net cash used in financing activities	(196,954)	(213,094)	(85,979)	(118,183)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(51,081)	43,134	(4)	(166)
EFFECT OF EXCHANGE RATE CHANGES	1,285	(1,267)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	115,367	73,500	146	312
CASH AND CASH EQUIVALENTS CARRIED FORWARD	65,571	115,367	142	146

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Represented by:				
SHORT TERM DEPOSITS	46,086	91,487	-	-
CASH AND BANK BALANCES	19,485	23,880	142	146
	65,571	115,367	142	146

Note (a):

Reconciliation of liabilities arising from financing activities

	Group	
	2023	2022
	RM'000	RM'000
At beginning of financial year	98,294	158,663
Cash flows:		
Drawdown of bank borrowings	212,694	590,982
Repayment of bank borrowings	(283,162)	(651,351)
	(70,468)	(60,369)
Interest paid	(2,577)	(4,142)
Non-cash changes:		
Interest expenses	2,577	4,142
At end of financial year	27,826	98,294

The accompanying notes form an integral part of the financial statements

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% (2022: 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. MATERIAL 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 the 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 2023.

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

2. MATERIAL 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:

		Effective Date
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 Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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 value 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. MATERIAL 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 other comprehensive income, respectively.

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. MATERIAL 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.

2. MATERIAL 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 property, plant and equipment (other than capital work-in-progress) 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. MATERIAL 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 entity 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 and warehouse equipment 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. MATERIAL 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, if any. 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. MATERIAL 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 products 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 palm fresh fruit bunches ("FFB") prior to harvest.

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.

(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 costs 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 (with the exception of trade receivables that do not contain a significant financing component) 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. A trade receivable without a significant financing component is initially measured at its transaction price.

2. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

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

(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.

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

(r) Revenue and other income recognition (cont'd)

(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.

(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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

(t) Borrowing costs (cont'd)

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.

(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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

(v) Foreign currencies (cont'd)

(ii) Transactions and balances in foreign currencies (cont'd)

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.

(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.

3. PROPERTY, PLANT AND EQUIPMENT

Group 2023	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	279,881	540,554	14,405	60,645	90,415	7,664	13,098	84,482	1,091,144
Additions	8,171	8,165	20	6,001	5,348	108	47,770	6,020	81,603
Disposals	-	(1,234)	-	(1,285)	-	-	-	-	(2,519)
Write-offs	(1,667)	(7,176)	-	(30)	(2,993)	-	(649)	-	(12,515)
Reclassification	545	2,319	-	-	426	-	(3,290)	-	-
Transfers from right-of-use assets	-	-	-	-	462	-	-	-	462
Exchange adjustment	(65)	93	-	1	22	-	-	-	51
At 31 December	286,865	542,721	14,425	65,332	93,680	7,772	56,929	90,502	1,158,226
Accumulated depreciation									
At 1 January	110,523	458,808	12,039	46,570	70,062	2,533	-	22,965	723,500
Charge for the financial year	8,293	15,672	857	3,855	5,726	213	-	3,015	37,631
Disposals	-	(1,228)	-	(1,200)	-	-	-	-	(2,428)
Write-offs	(513)	(7,166)	-	(28)	(2,986)	-	-	-	(10,693)
Transfers from right-of-use assets	-	-	-	-	254	-	-	-	254
Exchange adjustment	(1)	63	-	-	13	-	-	-	75
At 31 December	118,302	466,149	12,896	49,197	73,069	2,746	-	25,980	748,339
Accumulated impairment losses									
At 1 January/31 December	-	125	-	-	-	-	-	-	125
Net carrying amount									
At 31 December	168,563	76,447	1,529	16,135	20,611	5,026	56,929	64,522	409,762

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

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

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

Company 2023	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January	236	360	288	884
Additions	346	10	-	356
At 31 December	582	370	288	1,240
Accumulated depreciation				
At 1 January	235	197	51	483
Charge for the financial year	18	40	8	66
At 31 December	253	237	59	549
Net carrying amount				
At 31 December	329	133	229	691
2022				
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

4. INVESTMENT PROPERTIES

Group 2023	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Warehouse equipment RM'000	Total RM'000
Cost					
At 1 January	7,854	35,088	54,502	3,085	100,529
Additions	-	-	542	-	542
Write-offs	-	-	(3)	-	(3)
At 31 December	7,854	35,088	55,041	3,085	101,068
Accumulated depreciation					
At 1 January	-	8,893	13,899	2,734	25,526
Charge for the financial year	-	633	1,578	156	2,367
Write-offs	-	-	(1)	-	(1)
At 31 December	-	9,526	15,476	2,890	27,892
Net carrying amount					
At 31 December	7,854	25,562	39,565	195	73,176

4. INVESTMENT PROPERTIES (cont'd)

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

Company 2023	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January	1,672	18,870	92,593	113,135
Additions	-	-	542	542
Write-offs	-	-	(3)	(3)
At 31 December	1,672	18,870	93,132	113,674
Accumulated depreciation				
At 1 January	-	5,454	43,230	48,684
Charge for the financial year	-	293	2,790	3,083
Write-offs	-	-	(1)	(1)
At 31 December	-	5,747	46,019	51,766
Net carrying amount				
At 31 December	1,672	13,123	47,113	61,908
2022				
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

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 2023 were RM138,473,000 (2022: RM132,836,000) and RM138,261,000 (2022: 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 and of the Company'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	2023 RM'000	2022 RM'000
- revenue generating	3,475	3,332
- non-revenue generating	145	214
	3,620	3,546
Company		
- revenue generating	3,747	3,708
- non-revenue generating	145	214
	3,892	3,922

5. LAND HELD FOR PROPERTY DEVELOPMENT

Group	2023 RM'000	2022 RM'000
Freehold/Leasehold land and buildings		
At 1 January	62,266	62,266
Write-offs	(2,480)	-
At 31 December	59,786	62,266

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) RIGHT-OF-USE ASSETS

Group 2023	Leasehold land RM'000	Buildings RM'000	Laboratory equipment, plant and machinery RM'000	Total RM'000
Cost				
At 1 January	150,962	40,573	2,830	194,365
Additions	-	4,730	1,848	6,578
Termination of lease contracts	-	(4,863)	(453)	(5,316)
Derecognition upon expiry of lease contracts	-	(5,431)	(1,085)	(6,516)
Transfers to property, plant and equipment	-	-	(462)	(462)
Exchange adjustment	-	245	-	245
At 31 December	150,962	35,254	2,678	188,894
Accumulated depreciation				
At 1 January	22,651	23,431	1,662	47,744
Charge for the financial year	2,673	7,856	612	11,141
Termination of lease contracts	-	(2,593)	(238)	(2,831)
Derecognition upon expiry of lease contracts	-	(5,431)	(1,085)	(6,516)
Transfers to property, plant and equipment	-	-	(254)	(254)
Exchange adjustment	-	125	-	125
At 31 December	25,324	23,388	697	49,409
Net carrying amount				
At 31 December	125,638	11,866	1,981	139,485

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 lease 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

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

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

Group 2022	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	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 lease 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

Company	Building 2023 RM'000	Building 2022 RM'000
Cost		
At 1 January/31 December	436	436
Accumulated depreciation		
At 1 January	262	174
Charge for the financial year	87	88
At 31 December	349	262
Net carrying amount		
At 31 December	87	174

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

(b) LEASE LIABILITIES

As a lessee	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Lease liabilities				
- Current	7,039	8,177	94	91
- Non-current	7,707	11,167	-	94
	14,746	19,344	94	185

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	19,344	19,578	185	272
Cash flows:				
Lease principal payment	(8,725)	(9,144)	(91)	(87)
Lease interest payment	(595)	(864)	(5)	(9)
Non-cash:				
Effect of acquisition of subsidiaries	-	6,663	-	-
Additions	6,578	2,347	-	-
Interest on lease liabilities (Note 28)	595	864	5	9
Termination of lease contracts	(2,580)	(135)	-	-
Lease modification	-	(18)	-	-
Exchange adjustment	129	53	-	-
Balance as at 31 December	14,746	19,344	94	185

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 RM11,065,000 and RM96,000 (2022: RM11,651,000 and RM96,000) respectively.

7. INTANGIBLE ASSETS

Group 2023	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
2022			
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	2023 RM'000	2022 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	-	16.40% to 56.58%
Growth rates	-	5.64% to 5.99%
Discount rates	-	6.15% and 7.40%
Risk-free rate	-	3.52%

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.

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	**2023 RM'000**	**2022 RM'000**
Unquoted shares, at cost	380,241	380,241
Accumulated impairment losses	(526)	(526)
	379,715	379,715
Amounts owing by subsidiaries	401	295
Amounts owing to subsidiaries	81	90

The amounts owing by subsidiaries represent unsecured advances which are interest-free, repayable on demand and expected to be settled in cash.

The amounts owing to subsidiaries represent expenses paid on behalf which are repayable on demand and expected to be settled in cash.

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 2023 %**	**Effective equity interest 2022 %**	**Principal activities**
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

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

	Effective equity interest		
Subsidiaries of the Company	**2023**	**2022**	**Principal activities**
	%	**%**	
*Lam Soon Plantations Sdn. Bhd.	78.0	78.6	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	100.0	Investment and property holding
Subsidiary of Silk Holdings Pte. Ltd.			
*Silk Vietnam Company Limited (incorporated in Vietnam)	100.0	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
*LS Cyber DC Sdn. Bhd.	100.0	100.0	Letting out of properties
*Pacoleo Pte. Ltd. (incorporated in the Republic of Singapore)	100.0	100.0	Dormant (Deregistered on 4 March 2024)

*Subsidiaries not audited by Mazars PLT.

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) On 29 December 2022 and 20 October 2023, 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, then RM272,283,666 by way of issuance of 10,353,600 and 2,070,000 ordinary shares respectively, both 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%, and subsequently to 78.0%. The financial effect of these transactions resulted in a transfer of RM11,567,000 and RM1,972,130 from shareholders' equity to non-controlling interests during financial year ended 31 December 2022 and 31 December 2023 respectively.

(b) On 3 January 2022, a direct subsidiary of the Company, Lam Soon Edible Oils Sdn. Bhd. ("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 the Republic of 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 the 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)
Merger reserve	(6,011)

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 during the financial year ended 31 December 2022 (before intra-group elimination):

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

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) 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	
	2023	2022	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Lam Soon Plantations Sdn. Bhd.	22.00%	21.40%	12,173	31,593	117,855	130,844
Others			*	*	1,407	1,291
					119,262	132,135

* 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:

	2023 RM'000	2022 RM'000
Lam Soon Plantations Sdn. Bhd.		
Current assets	333,374	423,799
Non-current assets	312,141	315,120
Current liabilities	58,305	71,502
Non-current liabilities	26,587	30,328
Revenue	690,476	1,183,336
Total income	28,680	37,045
Total expenses	(662,682)	(1,047,212)
Profit for the financial year	56,474	173,169
Other comprehensive loss	-	(4)
Total comprehensive income for the financial year	56,474	173,165
Profit attributable to:		
- Owners of the Company	44,301	141,576
- Non-controlling interests	12,173	31,593
Profit for the financial year	56,474	173,169
Total comprehensive income attributable to:		
- Owners of the Company	44,301	141,572
- Non-controlling interests	12,173	31,593
Total comprehensive income for the financial year	56,474	173,165
Dividends paid to non-controlling interests	29,214	21,261
Net cash generated from operating activities	61,231	203,070
Net cash generated from/(used in) investing activities	31,214	(41,915)
Net cash used in financing activities	(134,724)	(121,113)
Effect of exchange rate changes	1,000	(1,223)
Net cash (outflow)/inflow	(42,279)	40,042

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	62,605	62,605	11,135	11,135
Group's share of results	90,297	86,616	-	-
	152,902	149,221	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:

	Effective equity interest		
Associate of the Company	**2023**	**2022**	**Principal activities**
	%	%	
*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.	38.8	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:

	2023	2022
	RM'000	RM'000
Southern Lion Sdn. Bhd.		
Current assets	283,575	234,743
Non-current assets	76,166	75,286
Current liabilities	157,591	127,018
Revenue	779,624	723,065
Profit/Total comprehensive income for the financial year	37,465	11,569
Dividends paid	18,326	16,346

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:

	2023 RM'000	2022 RM'000
Net assets	202,150	183,011
Proportion of ownership interest held by the Group	50%	50%
	101,075	91,506
Goodwill	135	135
Carrying amount of the Group's interest in the associate	101,210	91,641

Dara-Lam Soon Sdn. Bhd.

	2023 RM'000	2022 RM'000
Current assets	63,583	77,293
Non-current assets	55,920	58,431
Current liabilities	11,470	15,881
Non-current liabilities	3,340	4,004
Revenue	100,239	130,688
Profit/Total comprehensive income for the financial year	31,467	60,896
Dividends paid	44,208	40,800

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

	2023 RM'000	2022 RM'000
Adjusted net assets *	107,675	119,165
Proportion of ownership interest held by the Group	38.8%	40.0%
	41,778	47,666
Goodwill	9,914	9,914
Carrying amount of the Group's interest in the associate	51,692	57,580

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

10. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Equity instruments designated at FVTOCI				
Quoted shares	252	275	252	275
Unquoted shares	248	248	23	23
	500	523	275	298

11. DEFERRED TAX ASSETS

	Group 2023 RM'000	Group 2022 RM'000
At 1 January	4,693	5,185
Effect of acquisition of subsidiaries	-	145
Recognised in profit or loss	783	(638)
Exchange adjustment	2	1
At 31 December	5,478	4,693

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

	Group 2023 RM'000	Group 2022 RM'000
(Taxable)/Deductible temporary differences		
- Between net carrying amount and tax written down value of property, plant and equipment	(5,979)	(5,939)
- Provisions	7,689	6,529
- Unrealised profits on closing inventories	3,913	4,052
- Other temporary differences	(145)	51
	5,478	4,693

The following deferred tax assets have not been recognised:

	Gross amount		Unrecognised deferred tax assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	835	2,403	200	577
Unabsorbed capital allowances	3,733	3,519	896	844
	4,568	5,922	1,096	1,421

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 2023 RM'000	Group 2022 RM'000
2028	835	2,403

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.

12. INVENTORIES

	Group 2023 RM'000	Group 2022 RM'000
Raw materials	40,317	52,869
Work-in-progress	5,082	6,858
Finished goods	335,152	340,819
Consumables	18,480	23,438
Nursery stocks	227	438
	399,258	424,422

The cost of inventories recognised as an expense in cost of sales by the Group amounted to approximately RM2,295,047,000 (2022: RM2,695,911,000).

13. BIOLOGICAL ASSETS

	Group 2023 RM'000	Group 2022 RM'000
At fair value		
At 1 January	2,703	3,765
Fair value changes	37	(1,062)
At 31 December	2,740	2,703
Physical quantity (Metric tonnes)	4,465	3,911
Total output per annum (Metric tonnes)	124,071	114,595

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.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gross trade receivables	280,176	287,620	-	-
Less:				
Impairment losses	(1,063)	(802)	-	-
	279,113	286,818	-	-
Other receivables	19,062	18,904	222	196
Deposits	5,411	4,759	85	90
Prepayments	2,711	3,711	22	260
	306,297	314,192	329	546

The currency exposure profile of trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
RM	246,954	228,484
United States Dollar ("USD")	31,583	57,328
Euro ("EUR")	1,101	1,196
Vietnamese Dong ("VND")	537	611
Singapore Dollar ("SGD")	1	1
	280,176	287,620

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 (2022: 7 and 90) days.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RM	19,202	22,579	307	286
USD	6	-	-	-
EUR	1,109	-	-	-
VND	4,156	1,084	-	-
	24,473	23,663	307	286

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

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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade balances	2,423	3,103	-	-
Non-trade balances	2,447	2,589	133	-
	4,870	5,692	133	-

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

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RM	4,101	4,476	133	-
USD	636	966	-	-
SGD	133	250	-	-
	4,870	5,692	133	-

(b) Amounts owing to related companies

The amounts owing to related companies comprise:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade balances	(9,831)	(12,307)	-	-
Non-trade balances	(825)	(1,907)	(1)	-
	(10,656)	(14,214)	(1)	-

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RM	(10,600)	(14,214)	(1)	-
SGD	(56)	-	-	-
	(10,656)	(14,214)	(1)	-

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, payable on demand and expected to be settled in cash.

16. SHORT TERM INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Designated at FVTPL				
- Managed fund	740,466	654,908	538,752	460,271

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 **2023**	Contract amount RM'000	Assets RM'000	Liabilities RM'000
Non-hedging derivatives:			
Forward currency contracts	175,117	2,087	184
2022			
Non-hedging derivatives:			
Forward currency contracts	237,273	4,799	240

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, Great British Pound ("GBP") and EUR. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with the anticipated currency transactions.

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 2.20% and 5.25% (2022: 1.20% and 4.21%) 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	
	2023 RM'000	2022 RM'000
RM	27,800	62,550
USD	14,695	28,937
VND	3,591	-
	46,086	91,487

19. CASH AND BANK BALANCES

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
RM	17,428	16,444	140	144
USD	1,575	4,612	2	2
EUR	5	5	-	-
SGD	392	519	-	-
VND	81	2,296	-	-
Others	4	4	-	-
	19,485	23,880	142	146

20. SHARE CAPITAL

	Group/Company	
	2023	2022
	RM'000	RM'000
Issued share capital of 214,720,012 ordinary shares		
At 1 January/31 December	214,720	214,720

21. RESERVES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Capital reserve	196,909	196,909	-	-
Currency translation reserve	(706)	(960)	-	-
Equity investment reserve	(3,380)	(3,357)	145	168
Merger reserve	6,011	6,011	-	-
Distributable:				
Retained profits	1,369,524	1,302,105	772,346	696,202
	1,568,358	1,500,708	772,491	696,370

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.

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	24,814	22,643	1,682	1,640
Recognised in profit or loss	1,690	2,171	(41)	42
At 31 December	26,504	24,814	1,641	1,682

The deferred tax liabilities comprise:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Taxable/(Deductible) temporary differences:				
- between net carrying amount and tax written down value of property, plant and equipment	30,444	30,210	(1)	(2)
- between net carrying amount and tax written down value of investment properties	-	-	1,642	1,642
- other temporary differences	(3,940)	(5,396)	-	42
	26,504	24,814	1,641	1,682

23. BANK BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
Current		
Unsecured:		
- Bankers' acceptance bearing effective interest rate between 3.30% and 3.92% (2022: 2.20% and 3.45%) per annum	21,347	91,815
- Term loan bearing effective interest rate between 3.95% and 4.35% per annum	6,479	-
	27,826	91,815
Non-current		
Unsecured:		
- Term loan bearing effective interest rate between 2.95% and 3.95% per annum	-	6,479

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	92,354	79,148	-	-
Other payables	18,900	18,553	28	60
Deposits	2,055	1,758	2,133	2,121
Accruals	133,262	133,288	2,217	2,161
Contract liabilities	4,566	1,138	-	-
	251,137	233,885	4,378	4,342

24. TRADE AND OTHER PAYABLES (cont'd)

The currency exposure profile of trade payables is as follows:

	Group	
	2023 RM'000	2022 RM'000
RM	78,404	70,207
USD	6,194	3,796
EUR	2,483	2,472
VND	5,273	2,673
	92,354	79,148

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RM	151,968	150,195	4,378	4,342
USD	1,078	1,302	-	-
EUR	23	214	-	-
VND	1,004	1,620	-	-
Others	144	268	-	-
	154,217	153,599	4,378	4,342

Trade payables represent amounts outstanding from trade purchases. The normal credit periods granted by the trade payables ranged between 30 and 90 (2022: 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 and expected to be settled in cash.

26. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
Sale of goods	2,747,308	3,347,787	-	-
Other revenue				
Rental income	9,464	8,967	6,496	6,237
Dividend income	8,222	4,532	156,692	141,433
Interest income	39	33	39	33
	2,765,033	3,361,319	163,227	147,703
Timing of transfer of revenue recognition				
- At a point in time	2,747,308	3,347,787	-	-

26. REVENUE (cont'd)

	Group	
	2023	2022
	RM'000	RM'000
Disaggregation of revenue from contracts with customers		
- Local sales	2,126,953	2,331,358
- Export sales	620,355	1,016,429
	2,747,308	3,347,787

27. COST OF SALES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cost of goods sold	2,313,090	2,752,008	-	-
Direct operating expenses	7,888	7,796	3,892	3,922
	2,320,978	2,759,804	3,892	3,922

28. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Bankers' acceptance	2,310	3,941	-	-
- Term loan	267	201	-	-
- Lease liabilities	595	864	5	9
	3,172	5,006	5	9

29. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	434	455	85	85
Bad debts written off	262	275	-	-
Depreciation of				
- property, plant and equipment	37,631	35,172	66	48
- investment properties	2,367	2,510	3,083	3,070
- right-of-use assets	11,141	11,769	87	88
Directors' fees				
- Directors of the Company	1,890	1,890	270	270
- Directors of the subsidiaries	410	410	-	-

29. PROFIT BEFORE TAX (cont'd)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' remuneration				
- current financial year	16,067	23,890	-	-
- overprovision in prior financial year	-	(2,600)	-	-
Directors' post-employment benefits				
- defined contribution plan				
- current financial year	517	1,932	-	-
- overprovision in prior financial year	(295)	-	-	-
Deficit on liquidation of a subsidiary	-	16	-	-
Fair value loss on biological assets	-	1,062	-	-
Gratuity and retirement benefits	7,104	3,470	-	25
Impairment loss on trade receivables	489	686	-	-
Inventories written down	664	10,104	-	-
Inventories written off	1,307	2,213	-	-
Investment properties written off	2	-	2	-
Land held for property development written off	2,480	-	-	-
Lease expenses for short-term leases and low-value assets	1,745	1,643	-	-
Loss on redemption of short term investments	-	7	-	7
Loss on foreign exchange				
- realised	5,753	10,186	-	1
- unrealised	28	2,543	-	-
Net fair value loss on derivatives	2,656	-	-	-
Property, plant and equipment written off	1,822	382	-	-

and crediting:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Bad debts recovered	6	6	-	-
Fair value gain on biological assets	37	-	-	-
Fair value gain on short term investments	16,129	8,519	10,056	5,083
Gain on disposal of property, plant and equipment	100	1,029	-	-
Gain on foreign exchange				
- realised	345	485	-	-
- unrealised	1,902	84	-	-
Gain on termination of lease contracts	95	9	-	-
Gross dividend income from				
- subsidiaries	-	-	139,307	128,728
- an associate	-	-	9,163	8,173
- other investments	7	7	7	7
- short term investments	10,961	5,931	8,215	4,525
Interest income from fixed and short term deposits	3,677	1,883	39	33
Inventories written back	14,500	-	-	-
Net fair value gain on derivatives	-	3,197	-	-
Operating lease income from rental of properties	9,601	9,015	6,496	6,237
Reversal of impairment loss on trade receivables	228	26	-	-
Royalty income	1,789	1,486	-	-

30. TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian tax based on the results for the financial year:				
- current	43,500	80,177	2,508	1,668
- under/(over) provision in prior financial year	1,538	(99)	76	6
	45,038	80,078	2,584	1,674
Deferred tax:				
- relating to origination of temporary differences	1,930	1,919	8	42
- (over)/underprovision in prior financial year	(1,023)	890	(49)	-
	907	2,809	(41)	42
	45,945	82,887	2,543	1,716

The statutory tax rate applicable to the Company is 24% (2022: 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 Finance (No.2) Bill 2023 passed by the Parliament of Malaysia on 28 November 2023, introduces domestic top-up tax and multinational top-up tax (the "Pillar Two income tax") effective from 1 January 2025.

The Group is within the scope of the Pillar Two income tax. Pillar Two legislation was enacted in Malaysia, the jurisdiction in which the Company is incorporated, and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income tax.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their effective tax rate per jurisdiction and the 15% minimum rate. All entities within the Group have an effective tax rate that exceeds 15%.

30. TAX EXPENSE (cont'd)

Due to the complexities in applying the Pillar Two legislation, the quantitative impact of the Pillar Two legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group is currently engaged with tax specialists to assist with applying the Pillar Two legislation.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Accounting profit (excluding share of results in associates)	184,780	322,494	164,575	144,062
Tax at the applicable tax rate	44,258	77,193	39,498	34,575
Add/(Less):				
Tax effect of expenses not deductible in determining taxable profit	6,423	6,386	1,941	1,816
Tax effect of income not subject to tax	(4,926)	(2,610)	(38,923)	(34,681)
Impact of Cukai Makmur	-	1,407	-	-
Utilisation of deferred tax assets not recognised previously	(325)	(280)	-	-
	45,430	82,096	2,516	1,710
Add/(Less):				
Under/(Over) provision in prior financial year				
- current tax	1,538	(99)	76	6
- deferred tax	(1,023)	890	(49)	-
Tax expense for the financial year	45,945	82,887	2,543	1,716

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 RM155,279,000 (2022: RM236,909,000) and on 214,720,012 (2022: 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.

32. DIVIDENDS

	Company	
	2023	2022
	RM'000	RM'000
Recognised as distribution to owners of the Company during the financial year in respect of the financial year ended:		
31 December 2023		
- 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 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
- Final and special single-tier dividend of 5 sen per share and 10 sen per share respectively	32,208	-
31 December 2021		
- Special single-tier dividend of 20 sen per share	-	42,944
	85,888	96,624
Net dividend per ordinary share (sen)	40.00	45.00

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 2023, subject to approval of the shareholders at the forthcoming Company's annual general meeting.

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, allowances and bonuses				
- Executive directors	16,067	21,290	-	-
- Other employees	171,245	168,345	3,982	3,743
Gratuity and retirement benefits	7,104	3,470	-	25
Defined contribution plan - EPF contributions				
- Executive directors	222	1,932	-	-
- Other employees	17,683	18,461	479	450
Social security costs - SOCSO contributions	2,613	2,236	15	12
Other staff related benefits	3,473	3,769	109	110
	218,407	219,503	4,585	4,340

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sales to				
- an associate	1,925	6,036	-	-
- related companies	18,116	20,694	-	-
Lease rental income from				
- a subsidiary	-	-	5,930	5,895
- related companies	3,402	3,228	252	252
Commission income from a related company	345	360	-	-
Royalty income from an associate	1,789	1,485	-	-
Management fees income from				
- immediate holding company	288	288	288	288
- subsidiaries	-	-	442	155
- related companies	626	90	223	90
Purchases from				
- an associate	773,276	598,355	-	-
- related companies	46,487	60,986	-	-
- a company in which a director of the Company has financial interest	3	3	-	-
Rental charged by				
- a related company	1,910	1,769	113	104
- immediate holding company	995	995	-	-
Management fees charged by				
- a subsidiary	-	-	165	15
- a related company	264	1,168	-	-
Settlement of insurance charges payable on behalf by a related company	7,892	8,631	122	110

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.

34. RELATED PARTY DISCLOSURES (cont'd)

(d) Compensation of key management personnel

Key management personnel are the persons who have authorities and responsibilities for planning, directing, controlling the activities of the Group or of the Company either directly or indirectly. This includes any director, whether executive or otherwise, of the Group and of the Company.

The remuneration of the directors during the financial year comprises:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company:				
Fees	1,890	1,890	270	270
Remuneration				
- current financial year	13,587	21,369	-	-
- prior financial year	-	(2,600)	-	-
	15,477	20,659	270	270
Post-employment benefits				
- defined contribution plan				
- current financial year	245	1,651	-	-
- prior financial year	(295)	-	-	-
	15,427	22,310	270	270
Directors of the subsidiaries:				
Fees	410	410	-	-
Remuneration	2,480	2,521	-	-
	2,890	2,931	-	-
Post-employment benefits				
- defined contribution plan	272	281	-	-
	3,162	3,212	-	-
Total compensation	18,589	25,522	270	270

35. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Approved capital expenditure in respect of investment properties and property, plant and equipment not provided for in financial statements				
- contracted	42,108	46,135	-	402
- not contracted	103,103	124,146	-	-
	145,211	170,281	-	402

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
In the first year	7,533	8,632	6,587	6,496
In the second year	3,949	5,803	2,233	4,767
In the third year	121	1,612	1,868	336
In the fourth year	-	61	-	61
	11,603	16,108	10,688	11,660

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2023 Group	**At amortised cost RM'000**	**At FVTPL RM'000**	**At FVTOCI RM'000**	**Total RM'000**
Financial assets				
Other investments	-	-	500	500
Trade and other receivables	303,586	-	-	303,586
Amount owing by an associate	10,412	-	-	10,412
Amounts owing by related companies	4,870	-	-	4,870
Short term investments	-	740,466	-	740,466
Derivatives	-	2,087	-	2,087
Deposits, cash and bank balances	65,571	-	-	65,571
Total financial assets	384,439	742,553	500	1,127,492
Company				
Financial assets				
Other investments	-	-	275	275
Other receivables and deposits	307	-	-	307
Amounts owing by subsidiaries	401	-	-	401
Amounts owing by related companies	133	-	-	133
Short term investments	-	538,752	-	538,752
Cash and bank balances	142	-	-	142
Total financial assets	983	538,752	275	540,010

37. FINANCIAL INSTRUMENTS (cont'd)

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

2023 Group	At amortised cost RM'000	At FVTPL RM'000	Total RM'000
Financial liabilities			
Trade and other payables	246,571	-	246,571
Amount owing to immediate holding company	13	-	13
Amount owing to an associate	139,750	-	139,750
Amounts owing to related companies	10,656	-	10,656
Bank borrowings	27,826	-	27,826
Derivatives	-	184	184
Total financial liabilities	424,816	184	425,000
Company			
Financial liabilities			
Other payables and accruals	4,378	-	4,378
Amounts owing to subsidiaries	81	-	81
Amount owing to a related company	1	-	1
Total financial liabilities	4,460	-	4,460

2022 Group	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
Financial assets				
Other investments	-	-	523	523
Trade and other receivables	310,481	-	-	310,481
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	441,423	659,707	523	1,101,653

37. FINANCIAL INSTRUMENTS (cont'd)

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

2022 **Company**	**At amortised cost** **RM'000**	**At FVTPL** **RM'000**	**At FVTOCI** **RM'000**	**Total** **RM'000**
Financial assets				
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

2022 **Group**	**At amortised cost** **RM'000**	**At FVTPL** **RM'000**	**Total** **RM'000**
Financial liabilities			
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			
Financial liabilities			
Other payables and accruals	4,342	-	4,342
Amount owing to a subsidiary	90	-	90
Total financial liabilities	4,432	-	4,432

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).

37. FINANCIAL INSTRUMENTS (cont'd)

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

2023 **Group**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Total** **RM'000**
Financial assets			
Other investments	252	248	500
Short term investments	-	740,466	740,466
Derivatives	-	2,087	2,087
	252	742,801	743,053
Financial liabilities			
Derivatives	-	184	184
Company			
Financial assets			
Other investments	252	23	275
Short term investments	-	538,752	538,752
	252	538,775	539,027

2022 **Group**			
Financial assets			
Other investments	275	248	523
Short term investments	-	654,908	654,908
Derivatives	-	4,799	4,799
	275	659,955	660,230
Financial liabilities			
Derivatives	-	240	240
Company			
Financial assets			
Other investments	275	23	298
Short term investments	-	460,271	460,271
	275	460,294	460,569

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.

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 debtor, general economic conditions of the industry in which the debtor 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 2023	**Gross RM'000**	**Loss allowance RM'000**	**Net RM'000**
Not past due	217,745	-	217,745
1 to 30 days past due	50,244	-	50,244
31 to 60 days past due	19,212	-	19,212
More than 60 days past due	4,747	-	4,747
Credit impaired			
Individually impaired	1,063	(1,063)	-
	293,011	(1,063)	291,948

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

(a) Credit risk (cont'd)

Group 2023	**Gross RM'000**	**Loss allowance RM'000**	**Net RM'000**
Included under receivables			
Trade receivables	280,176	(1,063)	279,113
Amount owing by an associate	10,412	-	10,412
Amounts owing by related companies	2,423	-	2,423
	293,011	(1,063)	291,948

Group 2022			
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
Credit impaired			
Individually impaired	802	(802)	-
	300,606	(802)	299,804
Included under receivables			
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
	300,606	(802)	299,804

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM74,203,000 (2022: RM74,995,000) 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.

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 2023 RM'000	Group 2022 RM'000
At 1 January	802	142
Impairment loss recognised	489	686
Reversal of impairment loss	(228)	(26)
At 31 December	1,063	802

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.

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, EUR and VND exchange rates against the functional currency of the Group at reporting date, with all other variables held constant:

		Group 2023 RM'000 Increase/ (Decrease)	Group 2022 RM'000 Increase/ (Decrease)
USD/RM	- strengthened 5% (2022: 5%)	1,566	3,296
	- weakened 5% (2022: 5%)	(1,566)	(3,296)
EUR/RM	- strengthened 5% (2022: 5%)	(11)	(56)
	- weakened 5% (2022: 5%)	11	56
VND/RM	- strengthened 5% (2022: 5%)	115	(11)
	- weakened 5% (2022: 5%)	(115)	11

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

(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.

At the reporting date, if interest rates had been 50 basis points higher/lower, with all other variables held constant, the Group's profit after tax would have been RM69,388 (2022: RM25,866) 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.

(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 risks 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.

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

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

Group **2023**	**On demand or within 1 year** **RM'000**	**1 to 5 years** **RM'000**	**More than 5 years** **RM'000**	**Total** **RM'000**
Financial liabilities				
Trade and other payables	246,571	-	-	246,571
Amount owing to immediate holding company	13	-	-	13
Amount owing to an associate	139,750	-	-	139,750
Amounts owing to related companies	10,656	-	-	10,656
Bank borrowings	27,826	-	-	27,826
Derivatives	184	-	-	184
	425,000	-	-	425,000
Lease liabilities	7,397	7,480	680	15,557
	432,397	7,480	680	440,557
2022				
Financial liabilities				
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

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

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

Company 2023	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Financial liabilities			
Other payables and accruals	4,378	-	4,378
Amounts owing to subsidiaries	81	-	81
Amount owing to a related company	1	-	1
	4,460	-	4,460
Lease liabilities	96	-	96
	4,556	-	4,556
2022			
Financial liabilities			
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

(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 total 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.

39. CAPITAL MANAGEMENT (cont'd)

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	2023 RM'000	2022 RM'000
Share capital	214,720	214,720
Reserves	1,568,358	1,500,708
	1,783,078	1,715,428
Non-controlling interests	119,262	132,135
Total equity	1,902,340	1,847,563
Bank borrowings	27,826	98,294
Lease liabilities	14,746	19,344
Total borrowings	42,572	117,638
Total borrowings to total equity (%)	2.24	6.37

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the board of directors on 21 May 2024.

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 27 to 98 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 2023 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

KHOO HENG SUAN
Director

21 May 2024

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 2023 as set out on pages 27 to 98, 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 21 May 2024

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:

	Name of Subsidiary	Name of Director
1.	Lam Soon Edible Oils Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Chua K Hong Mr. Khong Cheong Foo Mr. Lo Wye Kan (Alternate director to Mr. Khong Cheong Foo) Mr. Lim Paw Serng (Ceased as alternate director to Mr. Whang Shang Ying on 28 February 2024)
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)

	Name of Subsidiary	Name of Director
10.	Pacoleo Pte. Ltd. (Deregistered on 4 March 2024)	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)

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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 42nd 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, 25 June 2024** at **3:00 p.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

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 2023.		
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 2023.		
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2023.		
4.	To re-elect Mr. Khoo Heng Suan as a Director of the Company.		
5.	To re-elect Mr. Mah Kim Loong Leslie as a Director of the Company.		
6.	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 ……………………………… 2024.

…………………………………..………………

Signature/Common Seal of Shareholder(s)

Email address	
Contact number	

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 42nd 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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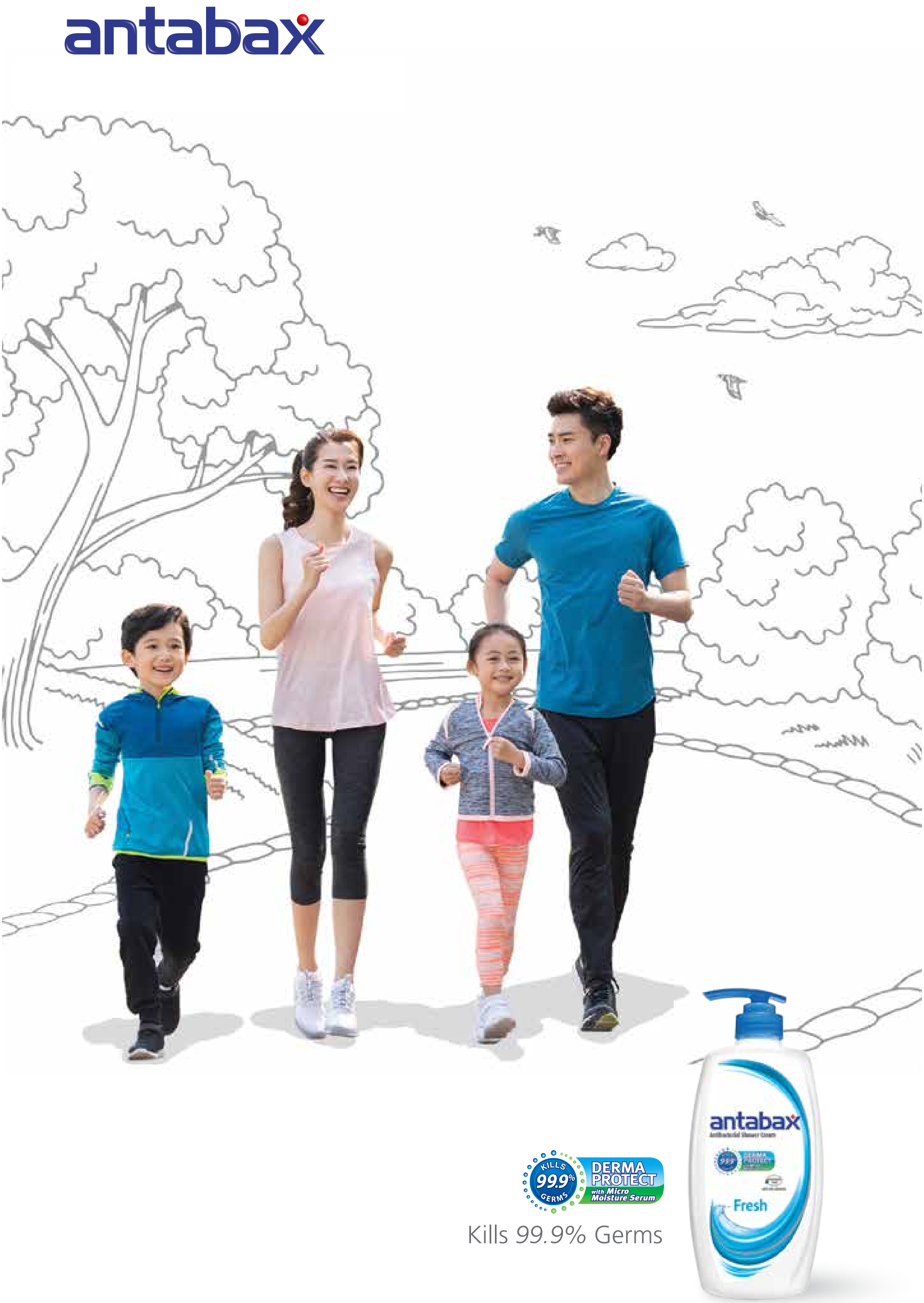
STAMP

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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Wisma DLS, No. 6 Jalan Jurunilai U1/20
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel +60-3-7882 2399
Fax +60-3-5569 2297

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