

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year Ended 31 December 2023**

	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Revenue	260,928	281,585	-7%	1,066,516	1,305,999	-18%
Cost of sales	(163,927)	(187,688)	-13%	(667,915)	(813,070)	-18%
Gross profit	97,001	93,897	3%	398,601	492,929	-19%
Other operating income	8,682	13,535	-36%	31,763	28,323	12%
Other operating expenses	(51,883)	(55,054)	-6%	(236,988)	(281,796)	-16%
Operating profit	53,800	52,378	3%	193,376	239,456	-19%
Finance costs	(4,357)	(5,264)	-17%	(20,147)	(32,377)	-38%
Share of profit of an associate, net of tax	3,649	2,115	73%	11,189	18,477	-39%
Share of profit/(loss) of joint ventures, net of tax	2,966	8,431	-65%	(2,993)	31,621	nm
Core profit before taxation	56,058	57,660	-3%	181,425	257,177	-29%
Gain/(Loss) on foreign exchange	2,799	10,925	-74%	(5,149)	(28,118)	-82%
Net (loss)/gain on disposal of assets held for sale and property, plant and equipment ("PPE")	-	(1,856)	nm	27,604	384,491	-93%
Impairment of PPE	-	(187)	nm	-	(56,253)	nm
Expenses in relation to secondary listing	(455)	-	nm	(6,241)	-	nm
Profit before taxation	58,402	66,542	-12%	197,639	557,297	-65%
Taxation	(26,495)	(15,857)	67%	(71,972)	(32,304)	123%
Profit for the period	31,907	50,685	-37%	125,667	524,993	-76%
Other comprehensive (loss)/ income						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	(31,179)	(128,405)	-76%	96,886	(53,517)	nm
Net profit/(loss) on financial assets at fair value through other comprehensive income ("FVOCI")	369	-	nm	(261)	-	nm
Cumulative loss on financial assets at FVOCI reclassified to profit or loss upon disposal	-	-	nm	97	-	nm
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Remeasurements of net defined benefit liabilities	(548)	1,077	nm	(548)	1,077	nm
Other comprehensive (loss)/ income for the period, net of tax	(31,358)	(127,328)	-75%	96,174	(52,440)	nm
Total comprehensive income/(loss) for the period	549	(76,643)	nm	221,841	472,553	-53%
Profit attributable to :						
Owners of the Company	25,426	44,168	-42%	94,961	456,407	-79%
Non-controlling interests	6,481	6,517	-1%	30,706	68,586	-55%
	31,907	50,685	-37%	125,667	524,993	-76%
Total comprehensive (loss)/ income attributable to :						
Owners of the Company	(1,315)	(68,745)	-98%	180,603	411,329	-56%
Non-controlling interests	1,864	(7,898)	nm	41,238	61,224	-33%
	549	(76,643)	nm	221,841	472,553	-53%
Earnings per share attributable to owners of the Company						
Basic (sen)	1.84	3.20		6.88	33.07	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

*nm = not meaningful

Note

Revenue and profitability for the quarter and year ended 31 December 2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO which is tabulated below:

	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Variance RM'000	31.12.2023 RM'000	31.12.2022 RM'000	Variance RM'000
Indonesia Export Levy and Duty on CPO	21,102	8,880	12,222	107,790	225,150	(117,360)

TSH RESOURCES BERHAD

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Condensed Consolidated Statement of Financial Position
As at 31 December 2023

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,277,756	1,256,556
Biological assets	366,003	364,842
Right-of-use assets	253,436	255,082
Intangible assets	44,319	50,350
Investment in an associate	78,645	77,437
Investments in joint ventures	103,090	106,083
Deferred tax assets	539	6,026
Other receivables	47,899	53,946
Investment securities	28,094	50
Derivative assets	717	-
	<u>2,200,498</u>	<u>2,170,372</u>
Current assets		
Biological assets	14,697	13,531
Inventories	93,547	132,923
Trade and other receivables	36,025	39,725
Other current assets	5,935	6,432
Tax recoverable	17,880	8,789
Investment securities	1	1
Derivative assets	295	30
Short term funds	5,349	6,385
Cash and bank balances	250,138	375,580
	<u>423,867</u>	<u>583,396</u>
Assets held for sale	220,853	205,510
	<u>644,720</u>	<u>788,906</u>
TOTAL ASSETS	<u><u>2,845,218</u></u>	<u><u>2,959,278</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	740,512	740,512
Treasury shares	(1,467)	(1,467)
Other reserves	(168,877)	(254,906)
Retained earnings	1,476,769	1,416,700
	<u>2,046,937</u>	<u>1,900,839</u>
Non-controlling interests	258,314	231,219
TOTAL EQUITY	<u>2,305,251</u>	<u>2,132,058</u>
Non-current liabilities		
Loans and Borrowings	110,963	164,860
Retirement benefits	22,813	17,324
Lease liabilities	955	1,320
Deferred tax liabilities	86,903	86,555
	<u>221,634</u>	<u>270,059</u>
Current liabilities		
Loans and Borrowings	191,157	394,251
Trade and other payables	123,935	142,158
Derivative liabilities	-	3,282
Lease liabilities	425	615
Current tax payable	2,816	16,855
	<u>318,333</u>	<u>557,161</u>
TOTAL LIABILITIES	<u>539,967</u>	<u>827,220</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,845,218</u></u>	<u><u>2,959,278</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

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**Condensed Consolidated Statement of Changes In Equity
For The Year Ended 31 December 2023**

	Attributable to owners of the Company						Equity attributable to owners of the Company			
	Non-distributable		Share Of		Fair Value Reserves	Foreign Currency Translation Reserves	Retained Earnings	Company Total	Non-controlling Interests	Equity Total
Share Capital	Treasury Shares	Capital Reserves	Associate Reserves	Reserves						
Balance as at 1 January 2023	740,512	(1,467)	9,630	100	-	(264,636)	1,416,700	1,900,839	231,219	2,132,058
Profit for the period	-	-	-	-	-	-	94,961	94,961	30,706	125,667
Other comprehensive income/(loss):										
Foreign currency translations	-	-	-	-	-	86,193	-	86,193	10,693	96,886
Net loss on financial assets at FVOCI	-	-	-	-	(261)	-	-	(261)	-	(261)
Cumulative loss on financial assets at FVOCI reclassified to profit or loss upon disposal	-	-	-	-	97	-	-	97	-	97
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	(387)	(387)	(161)	(548)
Other comprehensive (loss)/income for the period, net of tax	-	-	-	-	(164)	86,193	(387)	85,642	10,532	96,174
Total comprehensive (loss)/income for the period	-	-	-	-	(164)	86,193	94,574	180,603	41,238	221,841
Additional interest in subsidiaries	-	-	-	-	-	-	-	-	2,484	2,484
Dividends paid to owners of the Company	-	-	-	-	-	-	(34,505)	(34,505)	-	(34,505)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(16,627)	(16,627)
Balance as at 31 December 2023	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(164)</u>	<u>(178,443)</u>	<u>1,476,769</u>	<u>2,046,937</u>	<u>258,314</u>	<u>2,305,251</u>
Balance as at 1 January 2022	740,512	(1,467)	9,630	100	-	(218,623)	1,111,178	1,641,330	172,258	1,813,588
Profit for the period	-	-	-	-	-	-	456,407	456,407	68,586	524,993
Other comprehensive (loss)/ income:										
Foreign currency translations	-	-	-	-	-	(46,352)	-	(46,352)	(7,504)	(53,856)
Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries	-	-	-	-	-	339	-	339	-	339
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	935	935	142	1,077
Other comprehensive (loss)/income for the period, net of tax	-	-	-	-	-	(46,013)	935	(45,078)	(7,362)	(52,440)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(46,013)	457,342	411,329	61,224	472,553
Dividends paid to owners of the Company	-	-	-	-	-	-	(151,820)	(151,820)	-	(151,820)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,263)	(2,263)
Balance as at 31 December 2022	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>-</u>	<u>(264,636)</u>	<u>1,416,700</u>	<u>1,900,839</u>	<u>231,219</u>	<u>2,132,058</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

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**Condensed Consolidated Statement of Cash Flows
For The Year Ended 31 December 2023**

	Year Ended	
	31.12.2023 RM'000	31.12.2022 RM'000
Cash Flows from Operating Activities		
Profit before taxation	197,639	557,297
Adjustments for :-		
Depreciation and amortisation	101,242	101,982
Fair value gain on commodity futures contract	(149)	(1,899)
Net unrealised foreign exchange loss/(gain)	2,965	(337)
Net gain on disposal of assets held for sale and PPE	(28,051)	(396,592)
Impairment loss on goodwill	7,768	211
Impairment losses on trade and other receivables	3,644	4,254
Impairment loss on PPE	-	56,253
PPE written off	448	454
(Writeback of inventories written down)/Inventories written down	(5,999)	13,943
Inventories written off	6,816	5,578
Changes in fair value of financial guarantee contracts	-	(47)
Loss on disposal of financial assets at FVOCI	192	-
Loss arising from dissolution of subsidiaries	-	341
Fair value loss on investment securities	-	2
Rent concessions	-	(1)
ROU asset written off	-	193
(Gain)/Loss from fair value adjustment of fresh fruit bunches ("FFB")	(432)	3,383
(Gain)/Loss from fair value adjustment of forest planting expenditure	(342)	37,240
Gain on lease reassessments	(31)	(169)
Bad debts written off	159	241
Share of loss/(profit) of joint ventures	2,993	(31,621)
Share of profit of an associate	(11,189)	(18,477)
Interest expense	20,147	32,377
Interest income	(13,398)	(9,846)
Dividend income	(1)	(18)
Operating cash flows before working capital changes	284,421	354,742
Changes in working capital :-		
Decrease/(Increase) in inventories	38,560	(8,567)
Decrease in receivables	2,043	24,569
Decrease in payables	(6,047)	(73,772)
Cash flows from operations	318,977	296,972
Net income tax paid	(91,379)	(89,241)
Net cash flows from operating activities	227,598	207,731
Cash Flows from Investing Activities		
Addition of right of use assets	(4,632)	(20,630)
Placement of deposits with maturity of over 3 months	(3)	(3)
Purchases of PPE	(57,410)	(61,052)
Purchases of financial assets at FVOCI	(29,261)	-
Proceeds from disposal of financial assets at FVOCI	2,040	-
Forest planting expenditure	(1,939)	(2,388)
Proceeds from disposal of assets held for sale and PPE	30,976	659,325
Interest received	13,398	9,846
Dividends received	9,982	38,131
Net cash flows (used in)/from investing activities	(36,849)	623,229
Cash Flows from Financing Activities		
Net repayments of term loans/medium term notes	(178,519)	(425,925)
Net repayments of other borrowings	(80,683)	(130,120)
Proceeds from issuance of preference shares to non-controlling interests	2,735	-
Payments of lease liabilities and lease interest	(691)	(1,222)
Interest paid	(20,088)	(32,190)
Dividends paid to non-controlling interests	(16,627)	(2,263)
Dividends paid to owners of the Company	(34,505)	(151,820)
Net cash flows used in financing activities	(328,378)	(743,540)
Net (decrease)/increase in cash and cash equivalents	(137,629)	87,420
Cash and cash equivalents at beginning of year	376,231	292,751
Effects of changes in exchange rates	12,433	(3,940)
Cash and cash equivalents at end of year	251,035	376,231

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

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EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2023
PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
1. Basis of preparation

The condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022.

These explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The material accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following Amendments to MFRSs during the current financial period.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

The adoption of the above standards did not give rise to significant effects on the financial statements of the Group.

As at the date of authorisation of these interim financial statements, the new and revised MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are:

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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1. Basis of preparation (Continued)

The Group will apply the above MFRSs, Amendments to MFRSs that are applicable when they become effective.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2022 was unmodified.

3. Comments on seasonal or cyclical factors

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B i.e. Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Group for the current quarter and year ended 31 December 2023, except as follows:

- (i) recognition of gain on disposal of RM27.6 million for the year ended 31 December 2023 arising from the completion of the disposal of 574.56 hectares of land by a subsidiary, PT Bulungan Citra Agro Persada ("BCAP") on 18 January 2023 with reference to Note 7(a) of Part B;
- (ii) recognition of expenses of RM0.5 million and RM6.2 million for the current quarter and year ended 31 December 2023 respectively, incurred in relation to the secondary listing of the Company on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") with reference to Note 7(b) of Part B.

5. Changes in estimates

There were no changes in estimates that have had a material impact in the current quarter results.

6. Debt and equity securities

During the financial year, the Group redeemed Sukuk Murabahah Medium Term Notes with a nominal value of RM90 million.

Apart from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and year ended 31 December 2023.

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7. Dividends paid

During the financial year, a final single tier dividend of 2.5 sen per ordinary share for the year ended 31 December 2022 amounted to RM34.5 million was paid on 14 July 2023.

8. Segmental information
i) Business segments
Business Segment For Quarter Ended

	Palm Products		Others		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE	245,189	256,888	15,739	24,697	260,928	281,585
Segment operating profit/(loss)	51,889	58,027	(2,835)	165	49,054	58,192
Net (loss) on disposal of assets held for sale and PPE	-	(1,856)	-	-	-	(1,856)
Impairment of PPE	-	-	-	(187)	-	(187)
SEGMENT PROFIT/ (LOSS)	51,889	56,171	(2,835)	(22)	49,054	56,149
Unallocated corporate expenses					4,746	(5,814)
Expenses in relation to secondary listing					(455)	-
Gain on foreign exchange					2,799	10,925
Finance costs					(4,357)	(5,264)
Share of profit of an associate					3,649	2,115
Share of profit of joint ventures					2,966	8,431
Consolidated profit before tax					58,402	66,542

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8. Segmental information
i) Business segments
Business Segment For Year Ended

	Palm Products		Others		Total	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
SEGMENT REVENUE	998,080	1,202,038	68,436	103,961	1,066,516	1,305,999
Segment operating profit/(loss)	225,385	301,824	(11,831)	(39,758)	213,554	262,066
Net gain on disposal of assets held for sale and PPE	27,604	384,491	-	-	27,604	384,491
Impairment of PPE	-	(17,414)	-	(38,839)	-	(56,253)
SEGMENT PROFIT/ (LOSS)	252,989	668,901	(11,831)	(78,597)	241,158	590,304
Unallocated corporate expenses					(20,178)	(22,610)
Expenses in relation to secondary listing					(6,241)	-
Loss on foreign exchange					(5,149)	(28,118)
Finance costs					(20,147)	(32,377)
Share of profit of an associate					11,189	18,477
Share of (loss)/profit of joint ventures					(2,993)	31,621
Consolidated profit before tax					197,639	557,297

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8. Segmental information (Continued)

i) Business segments (Continued)

Business Segment For Year Ended

	Palm Products		Others		Consolidated	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
SEGMENTS ASSETS	1,981,409	2,055,369	589,079	619,001	2,570,488	2,674,370
Investments in joint ventures					103,090	106,083
Investment in an associate					78,645	77,437
Deferred tax assets					539	6,026
Tax recoverable					17,880	8,789
Unallocated assets					74,576	86,573
Consolidated total assets					2,845,218	2,959,278
SEGMENT LIABILITIES	118,869	133,247	18,240	31,537	137,109	164,784
Borrowings					302,120	559,111
Lease liabilities					1,380	1,935
Deferred tax liabilities					86,903	86,555
Unallocated liabilities					12,455	14,835
Consolidated total liabilities					539,967	827,220

ii) Geographical segments

	Quarter Ended		Year Ended			
	Total revenue from external customers		Total revenue from external customers		Non-Current Assets	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Malaysia	76,306	91,958	305,414	448,802	996,929	1,008,207
Indonesia	175,113	176,682	724,094	783,620	1,347,173	1,307,653
United States of America	2,487	8,384	16,323	40,079	-	-
South West Pacific	4,358	3,180	13,628	23,526	-	-
Others	2,664	1,381	7,057	9,972	-	-
Total	260,928	281,585	1,066,516	1,305,999	2,344,102	2,315,860

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9. Changes in composition of the Group

There were no significant changes in the composition of the Group for the quarter including business combination, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

10. Capital commitments

The amount of commitments for capital expenditure as at 31 December 2023 is as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for	13,707	13,580
Approved but not contracted for	48,593	31,719
	<u>62,300</u>	<u>45,299</u>

11. Changes in contingent liabilities or contingent assets

Contingent tax expenses pending outcome of court cases were disclosed in the last annual reporting period. In addition, there are also ongoing objections with the local tax authority on certain disputed tax assessments, which the Group is of the view that it has valid explanations to justify.

In June 2023, PT Teguh Swakarsa Sejahtera (“PT TSS”), a subsidiary of the Group, has submitted a tax appeal to the Local Tax Court on Tax Loss Carry Forward amounting to approximately RM9.0 million for fiscal year 2019. Based on consultation with our tax consultants, our Group is of the opinion that PT TSS has a valid defence against the said assessments by the relevant tax office.

In August 2023, PT Farinda Bersaudara (“PT FDB”), a subsidiary of the Group, submitted a tax appeal to the local Tax Court on Corporate Income Tax, Value Added Tax and Withholding Tax Articles 4(2) amounting to approximately RM11.8 million (including penalty and interest) for fiscal year 2020. Based on consultation with our tax consultants, our Group is of the opinion that PT FDB has a valid defence against the said assessments by the relevant tax office.

In October 2023, PT Andalas Agro Industri (“PT AAI”), a subsidiary of the Group, has won the appeal of Value Added Tax in respect of fiscal year 2019. The tax court has granted PT AAI the Value Added Tax amounting to RM1.0 million which will be refunded by the tax office.

In December 2023, PT Andalas Wahana Sukses (“PT AWS”), a subsidiary of our Group, submitted a tax appeal to the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2020 showing underpayments on Corporate Income Tax and Withholding Tax Articles 23 amounting to RM5.3 million (including penalty and interest). Based on consultation with our tax consultants, our Group is of the opinion that PT AWS has a valid defence against the said assessments by the relevant tax office.

Apart from the above, there were no other material changes in the contingent liabilities and contingent assets since the last reporting date.

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12. Material related party transactions

Significant transactions between the Group and its joint venture are as follows:

	Year Ended 31 December 2023 RM'000
Sales of crude palm oil	229,411
Sales of palm kernel	31,588

13. Subsequent event

There was no material event subsequent to the end of this reporting period.

14. Fair Value of Financial Instruments

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

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 or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

As at 31 December 2023, the Group held the following financial instruments that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets:				
Non-current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Unquoted)	-	-	50	50
• Derivative assets	-	717	-	717
Financial assets at fair value through other comprehensive income:				
• Investment securities (Unquoted)	-	28,044	-	28,044
Current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Quoted in Malaysia)	1	-	-	1
• Derivative assets	134	161	-	295
• Short term funds	5,349	-	-	5,349

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES
1. Performance review

	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Revenue	260,928	281,585	(7%)	1,066,516	1,305,999	(18%)
Core profit before taxation	56,058	57,660	(3%)	181,425	257,177	(29%)
Profit before taxation ("PBT")	58,402	66,542	(12%)	197,639	557,297	(65%)

The Group's revenue for the quarter ended 31 December 2023 ("Q4 2023") decreased 7% from RM281.6 million to RM260.9 million compared with the corresponding period last year ("Q4 2022"). Revenue for the year was RM1.07 billion, marking the third consecutive year that revenue surpassed RM1 billion, albeit lower than the RM1.31 billion achieved for the corresponding period last year ("FY2022"). The variance in revenue for Q4 2023 and FY2023 was mainly attributable to lower average selling prices of CPO and PK and low demand for wood products (refer section 1.1 below).

Core profit before taxation for Q4 2023 of RM56.1 million slipped marginally by 3% compared with RM57.7 million for Q4 2022 mainly due to a RM5.5 million reduction in profit contribution from joint ventures. For FY2023, core PBT decreased by 29% to RM181.4 million in line with 16% decline in average selling prices of CPO, lower profit contribution from associate and a RM34.6 million reduction in contribution from joint ventures.

PBT for Q4 2023 and FY2023 of RM58.4 million and RM197.6 million respectively, were lower compared with the corresponding periods last year of RM66.5 million and RM557.3 million. Other than the factors as explained above, the variances in PBT were also impacted by the factors as analysed below.

	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Gain/(Loss) on foreign exchange	2,799	10,925	(74%)	(5,149)	(28,118)	82%
Net (loss)/gain on disposal of assets held for sale and PPE	-	(1,856)	nm	27,604	384,491	(93%)
Impairment of PPE	-	(187)	nm	-	(56,253)	nm
Expenses in relation to secondary listing	(455)	-	nm	(6,241)	-	nm

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1. Performance review (Continued)
1.1 Segmental Revenue

Revenue from the respective segments are analysed as follows:

Revenue	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Palm Products	245,189	256,888	(5%)	998,080	1,202,038	(17%)
Others	15,739	24,697	(36%)	68,436	103,961	(34%)
Total	260,928	281,585	(7%)	1,066,516	1,305,999	(18%)

Revenue for Q4 2023 and FY2023 were lower compared with the corresponding periods last year mainly due to decrease in revenue from Palm Products segment attributable to lower average selling prices of CPO and PK (as shown in the table below) despite higher volume of CPO sold.

Average selling prices	Quarter Ended			Year Ended		
	31.12.2023 RM/MT	31.12.2022 RM/MT	Changes %	31.12.2023 RM/MT	31.12.2022 RM/MT	Changes %
CPO	3,353	3,540	(5%)	3,437	4,100	(16%)
PK	1,715	1,805	(5%)	1,727	2,668	(35%)

Revenue from Others segment was lower mainly due to lower revenue contribution from the Wood division mainly due to low demand for wood products and cessation of Cocoa division in Q4 2023.

1.2 Segmental Profit or Loss

Further comments on the segment profit or loss are as follows:

1.2.1 Palm Products Segment

Palm Products Segment	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Operating profit	51,889	58,027	(11%)	225,385	301,824	(25%)

In line with the decrease in revenue as shown in section 1.1 above, the profit for Palm Products segment for Q4 2023 and FY2023 were lower compared with the corresponding periods last year. This was mainly attributable to lower average selling prices of CPO and PK.

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1. Performance review (Continued)
1.2.1 Palm Products Segment (Continued)

FFB production (as shown in the table below) for Q4 2023 was higher compared with Q4 2022 mainly due to higher FFB yield per hectare. On year-to-date basis, the Group reported lower FFB production compared with the corresponding period last year due to dry weather in Indonesia during mid of the year, disposal of estates in the previous financial year and cyclically decline of crop in 2023.

	Quarter Ended			Year Ended		
	31.12.2023 MT	31.12.2022 MT	Changes %	31.12.2023 MT	31.12.2022 MT	Changes %
FFB production	226,406	222,807	2%	905,437	923,990	(2%)

Both the segment revenue and profit for Q4 2023 and FY2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO as shown below:

	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Indonesia Export Levy and Duty on CPO	21,102	8,880	138%	107,790	225,150	(52%)

1.2.2 Others Segment

Others Segment	Quarter Ended			Year Ended		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
Operating (loss)/profit	(2,835)	165	(1818%)	(11,831)	(39,758)	70%

Others segment reported operating loss of RM2.8 million for Q4 2023 compared with gain of RM0.2 million for Q4 2022 mainly due to lower demand for wood products. Operating loss for FY2023 of RM11.8 million was lower compared with RM39.8 million for FY2022 mainly due to fair value gain on forest planting expenditure of RM0.3 million in FY2023 versus fair value loss of RM37.2 million registered in FY2022.

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2. Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

	Q4 2023	Q3 2023	Changes
	RM'000	RM'000	RM'000
Revenue:	260,928	298,720	(37,792)
Palm Products	245,189	279,258	(34,069)
Others	15,739	19,462	(3,723)
Core profit before taxation	56,058	60,105	(4,047)
PBT	58,402	57,506	896

Group revenue for Q4 2023 of RM260.9 million was lower compared with Q3 2023 of RM298.7 million. This was mainly attributable to lower revenue from the Palm Products segment as a result of seasonally lower FFB production and lower volume of CPO and PK sold.

Consequently, a lower core profit of RM56.1 million was registered for Q4 2023 compared with RM60.1 million for Q3 2023 in line with lower profit contribution from Palm Products segment.

PBT for Q4 2023 was marginally higher at RM58.4 million compared with RM57.5 million for Q3 2023 mainly due to lower secondary listing expenses at RM0.5 million compared with RM5.8 million in Q3 2023.

3. Commentary on the prospects

On the back of declining palm oil stock and seasonally lower output of FFB for first half of the year, CPO price has been trending up since January 2024. It recently breached the RM3,900 level, supported by the rising demand for biodiesel in Indonesia and the anticipation of flattish palm oil production.

The Group is on strong financial footing with a net asset per share of RM1.48 and net gearing of 0.02 times as at 31 December 2023. Underpinned by its strong balance sheet, the Group will undertake new planting at a steady pace on its unplanted land bank over the next few years to progressively expand its planted hectareage. In addition, the Group intends to pursue strategic investments in the green economy to further enhance its long term shareholder value.

In view of the general market expectation that average CPO price for 2024 will be at around current level and with receding inflationary pressure, barring any unforeseen circumstances, the Group is cautiously optimistic of achieving satisfactory performance for 2024.

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4. Profit forecast or profit guarantee

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

5. Profit Before Taxation

Profit before taxation was arrived at after charging/(crediting) the following items:

	Quarter Ended 31.12.2023 <u>RM'000</u>	Year Ended 31.12.2023 <u>RM'000</u>
Depreciation and amortisation	25,499	101,242
Fair value loss/(gain) on derivatives:		
- Forward currency contracts	630	(4,115)
- Commodity futures contracts	(133)	(149)
Impairment losses on:		
- Goodwill	5,489	7,768
- Trade and other receivables	440	3,644
Interest expense	4,357	20,147
Interest income	(3,451)	(13,398)
Writeback of inventories written down	(462)	(5,999)
Inventories written off	752	6,816
Loss/(gain) from fair value adjustment of FFB	427	(432)
Gain from fair value adjustment of forest planting expenditure	(342)	(342)
Net foreign exchange loss/(gain):		
- Realised	513	2,184
- Unrealised	(3,942)	7,080
Net gain on disposal of assets held for sale and PPE	(368)	(28,051)
Insurance claims	(1,587)	(3,885)
Rental income	(262)	(1,073)

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6. Taxation

	Quarter Ended 31.12.2023 <u>RM'000</u>	Year Ended 31.12.2023 <u>RM'000</u>
Current tax:		
Foreign tax	11,608	50,681
Malaysian income tax	843	3,452
(Over)/Under provision in prior years:		
Foreign tax	(1)	(41)
Malaysian income tax	(11)	72
Deferred tax:		
Relating to origination and reversal of temporary differences	1,690	5,072
Under provision in prior years	34	404
Withholding taxes	<u>12,332</u>	<u>12,332</u>
	<u>26,495</u>	<u>71,972</u>

The effective tax rate of the Group for the current quarter and year ended 31 December 2023 is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for taxation purpose coupled with withholding taxes paid on dividend received from the Group's foreign subsidiaries and non-recognition of deferred tax assets for certain subsidiaries.

7. Corporate proposals

- a) On 4 April 2022, BCAP, PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") had entered into a conditional sale, purchase and compensation of land agreement ("CSPA") for the proposed disposal by BCAP of 13,214.90 hectares of certificated land together with the 683.36 hectares of uncertified land adjoining thereto for a total cash consideration of IDR 2,428.86 billion (or equivalent to approximately RM731.09 million).

On 8 August 2022, the disposal of 7,817.36 hectares of certificated land was completed.

On 18 January 2023, the disposal of 574.56 hectares of uncertified land was completed.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

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7. Corporate proposals (Continued)

As at 31 December 2023, total proceeds raised from the disposal was RM457.5 million, which were fully utilised by the Group as follows:

Details of Utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000
Partial repayment of interest-bearing borrowings	550,000	400,304	149,696
New planting and replanting of oil palm	45,000	593	44,407
Infrastructure works and capital expenditure	47,000	9,204	37,796
General working capital	68,944	34,093	34,851
Defray estimated expenses relating to the disposals	20,143	13,305	6,838
	731,087	457,499	273,588

b) On 21 July 2023, the Company announced its intention to undertake the followings:

- (i) a secondary listing of and quotation for its entire issued ordinary shares on the Main Board of the SGX-ST by way of introduction (“Proposed Secondary Listing”); and
- (ii) amendments to the Constitution of the Company (“Proposed Amendments”).

On 26 September 2023, the Secondary Listing was completed following the listing of and quotation for the entire issued share capital of the Company on the Main Board of the SGX-ST. The shares are and will continue to be listed on the Main Market of Bursa Securities, which will remain as the primary stock exchange on which the shares are listed.

Apart from the above, there was no other corporate proposal announced and not completed as at the date of this quarterly report.

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8. Group Borrowings and Debt Securities

Comprised:

	As at 31.12.2023					
	Short term		Long term		Total	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured	30,294	22,000	31,212	79,751	61,506	101,751
Unsecured	-	138,863	-	-	-	138,863
Total	30,294	160,863	31,212	79,751	61,506	240,614

Total borrowings reduced to RM302.1 million from RM559.1 million as at 31 December 2022 resulting in net gearing improving to 0.02 times from 0.08 times last year.

9. Derivatives

The forward currency contracts are entered into by the Group as hedges for committed sales, purchases and loans and borrowings denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments. The commodity futures contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the CPO.

As at 31 December 2023, the values and maturity analysis of the outstanding derivatives were as follows:

Group

	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	
Non-hedging derivatives:				
Forward currency contracts	29,841	717	-	Between 1 – 3 years
Forward currency contracts	29,886	161	-	Less than 1 year
Commodity futures contracts	6,832	134	-	Less than 1 year
		1,012	-	

10. Changes in material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial year except as disclosed in Note 11 of Part A.

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11. Dividend Payable

The Board of Directors approved a first and final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2023 on 22 February 2024.

12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the quarter and year ended attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Quarter Ended		Year Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net profit attributable to owners of the Company (RM'000)	25,426	44,168	94,961	456,407
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	1.84	3.20	6.88	33.07

(b) Diluted earnings per share

This is not applicable as there are no dilutive securities currently issued by the Company.

13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2024.