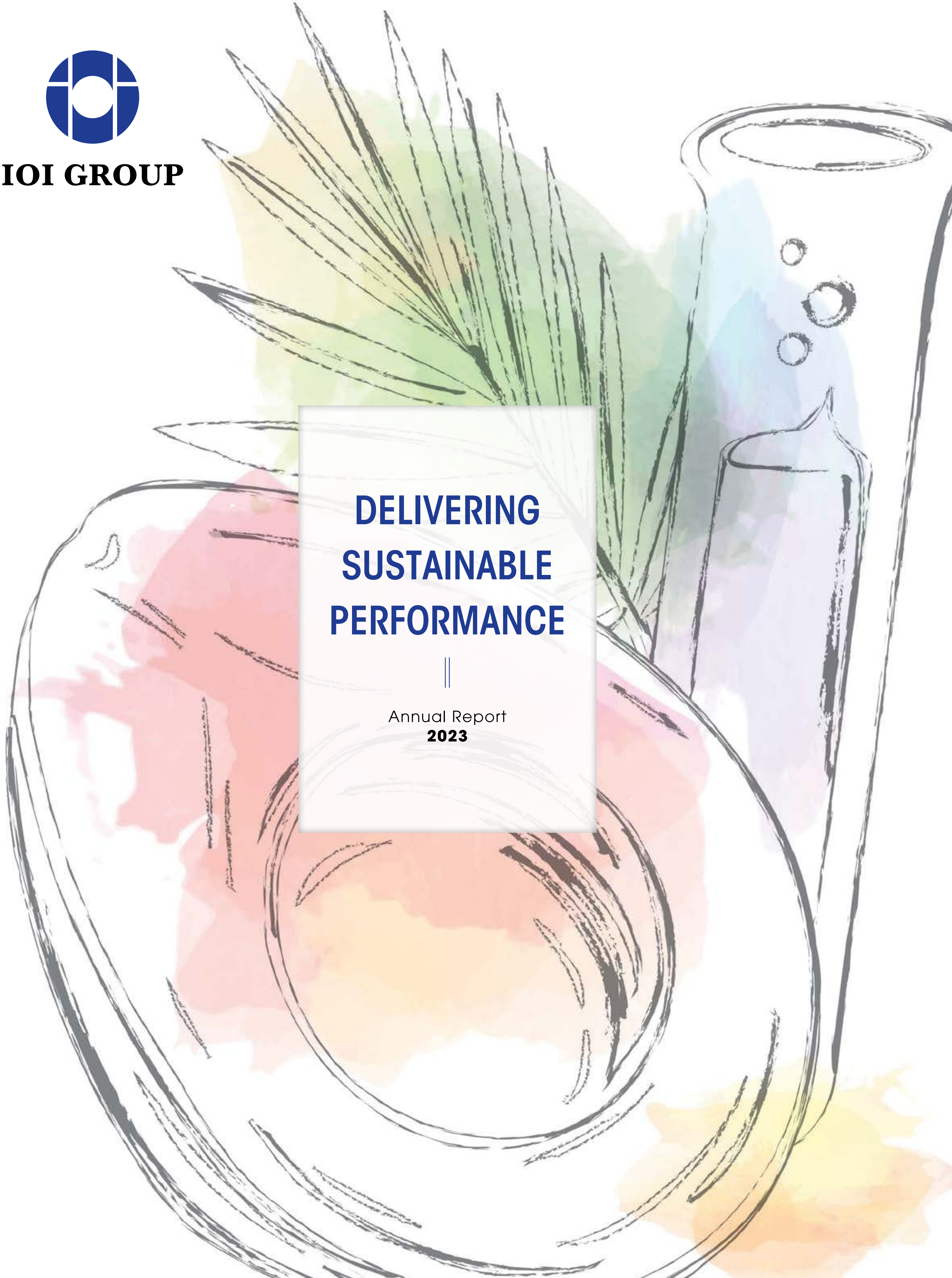
IOI GROUP



DELIVERING SUSTAINABLE PERFORMANCE

Annual Report
2023

DELIVERING SUSTAINABLE PERFORMANCE

At IOI, we are committed to achieving responsible and sustainable commercial success by prioritising sustainable agriculture and the concept of circular economy. Our dedication to sustainability and circularity has been a driving force behind our intensive efforts over the past few years, which have yielded significant results. Based on this year's Annual Report, we are taking a refined perspective to evaluate each area of our businesses, and ensure that we stay on track to deliver sustainable performance.

Enabler 1
HUMAN CAPITAL DEVELOPMENT & CULTURE


Enabler 2
SUSTAINABILITY


Enabler 3
TECHNOLOGY & DIGITALISATION


Increase Yield


Optimise Workforce


Diversify Crops


Increase the Non-CPO Segment


Grow the Oleochemical Segment

By leveraging sustainable agriculture as a solution to global environmental challenges,
WE CAN:

- Revitalise Local Economies
- Meet Rising Demand
- Reduce Greenhouse Gas Emissions
- Counter Climate Change
- Improve Nutrition
- Achieve Better Yields
- Create Healthy Soil
- Nurture Biodiversity

INSIDE THIS REPORT

For a bite-sized version of our report,
please scan the QR code or log on to
https://www.ioigroup.com/investor-relations/reports

54TH ANNUAL GENERAL MEETING ("AGM") OF IOI CORPORATION BERHAD

Date & Time:
27 October 2023 Friday
10:00 a.m. (Malaysia time)

Physical Meeting Venue:
Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Malaysia

Meeting Mode:
Hybrid AGM (Physical and Virtual)
Virtual Meeting Platform:
https://conveneagm.my/ioicorpagm2023
(Domain Registration No. D6A475992)

ABOUT OUR REPORT

THE FOCUS OF THIS REPORT

IOI Corporation Berhad ("IOI" or the "Group") has embarked on an integrated reporting journey since 2019. This is our fifth Integrated Report ("Report") representing a clear and comprehensive corporate reporting to better meet the needs of various stakeholders and achieve greater business benefits.

We aim to enhance reporting connectivity and provide stakeholders a more holistic view of how we create and sustain value, as well as our strategic direction going forward.

REPORTING PERIOD, SCOPE AND BOUNDRY

This Report covers IOI's financial and non-financial performance during the period of 1 July 2022 to 30 June 2023.

The scope of this Report covers all of IOI's businesses in Malaysia and other countries we operate in. This includes operations in which we have full control, subsidiaries, associate companies and joint venture. It excludes detailed information on investments in which the Group holds a minority stake.

The boundary of the Report is beyond financial reporting and includes non-financial performance, risks, opportunities and outcomes attributable to or associated with our key stakeholders who can significantly influence our ability to create value.

For a holistic view of our businesses, this Report should be read in conjunction with the information available on our website at www.ioigroup.com.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the International Framework set by the International Integrated Reporting <IR> Council ("IIRC") and the Main Market Listing Requirements of Bursa Malaysia. This Report has also been prepared in accordance with the Global Reporting Initiative ("GRI") Standards 2021 and with reference to the International Sustainability Standards Board ("ISSB") standards while the climate-related disclosures are aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD").

The financial report is aligned with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Malaysian Code on Corporate Governance 2021 and the requirements of the Companies Act 2016 in Malaysia.

KEY FRAMEWORKS APPLIED	IR	SR
Main Market Listing Requirements	●	●
Malaysian Code on Corporate Governance	●	●
International Integrated Reporting <IR> Framework	●	●
Companies Act 2016	●	
Malaysian Financial Reporting Standards	●	
International Financial Reporting Standards	●	
Sustainability-related indices criteria such as FTSE4Good Bursa Malaysia Index	●	●
GRI Universal Standards 2021	●	●
GRI Sector Standards 2021: GRI 13		●
International Sustainability Standard Board	●	●
Recommendations of the Task Force on Climate-Related Financial Disclosures	●	●

REPORTING SUITE

Integrated Report 2023 ("IR")

This report provides an integrated review of the Group's holistic performance, governance and risk framework, business strategy, future direction and detailed accounting of the year's financial performance.

Sustainability Report 2023 ("SR")

This report details our efforts and commitment towards ensuring holistic and sustainable growth through the long term.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements with respect to IOI's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this Report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance. We would like to clarify that the Group makes no express or implied representation or warranty that the results targeted by these forward-looking statements will be achieved.

ASSURANCE

The Board has applied its collective mind to present IOI's Report and acknowledges its responsibility to ensure the integrity of this Report, through good governance practices and internal reporting procedures. This Report was approved by the Board on 13 September 2023.

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive

NAVIGATION ICONS

Strategic Priorities

- Increase Yield
- Optimise Workforce
- Diversify Crops
- Increase the Non-CPO Segment
- Grow the Oleochemical Segment

Our Six Capitals

- Human
- Natural
- Financial
- Manufactured
- Social & Relationship
- Intellectual

Our Risks

- R1 Business Resilience
- R2 Global Economic Downturn
- R3 New Trade Regulations
- R4 Supply Chain Compliance
- R5 Reliance on Manual Workers
- R6 Environmental Sustainability

Our Material Matters

- M1 Health & Safety
- M2 Climate Change & Greenhouse Gas Emissions Management
- M3 Human Rights & Good Labour Practices
- M4 Grievance Mechanism & Transparent Communication
- M5 Traceability & Responsible Sourcing
- M6 Fire Management
- M7 Circular Economy & Waste Management
- M8 Energy Management & Operational Eco-efficiency
- M9 Regulatory & Third-Party Compliance
- M10 Biodiversity & Conservation

Our Key Stakeholder Groups

- Employees
- Communities
- Regulators
- Industry Associations/Civil Societies
- Customers
- Suppliers
- Shareholders & Investors

WHO WE ARE & WHAT WE DO

IOI Corporation Berhad ("IOI" or the "Group"), listed on the Main Market of Bursa Malaysia Securities Berhad, is a leading global integrated and sustainable palm oil player.

Employing about 28,000 people in several countries, we are a fully integrated corporation that undertakes the plantation and resource-based manufacturing businesses.

Our plantation business covers Malaysia and Indonesia while our downstream resource-based manufacturing business includes refining of palm oil as well as manufacturing of oleochemical and specialty oils and fats, with strong presence in Asia, Europe and USA.

OUR PURPOSE

Committed to sustainable agriculture and innovative products.

Our Vision
is to be a leading and sustainable Malaysian business corporation with global presence.

Our Mission
is to achieve responsible and sustainable commercial success by addressing the interests of all our stakeholders, caring for the community and the environment, and adopting best practices to be globally competitive.

VISION

MISSION

CORE VALUES

- Integrity
- Commitment
- Team Spirit
- Cost Efficiency
- Innovation
- Excellence in Execution

PLANTATION

Plantation is a core business of IOI, which is engaged in the cultivation of oil palm and processing of palm oil with operations in seed breeding, cultivation and crop oil extraction. Today, we have 98 estates, 15 palm oil mills, four research and development ("R&D") centres and one biotechnology centre across Malaysia and Indonesia.

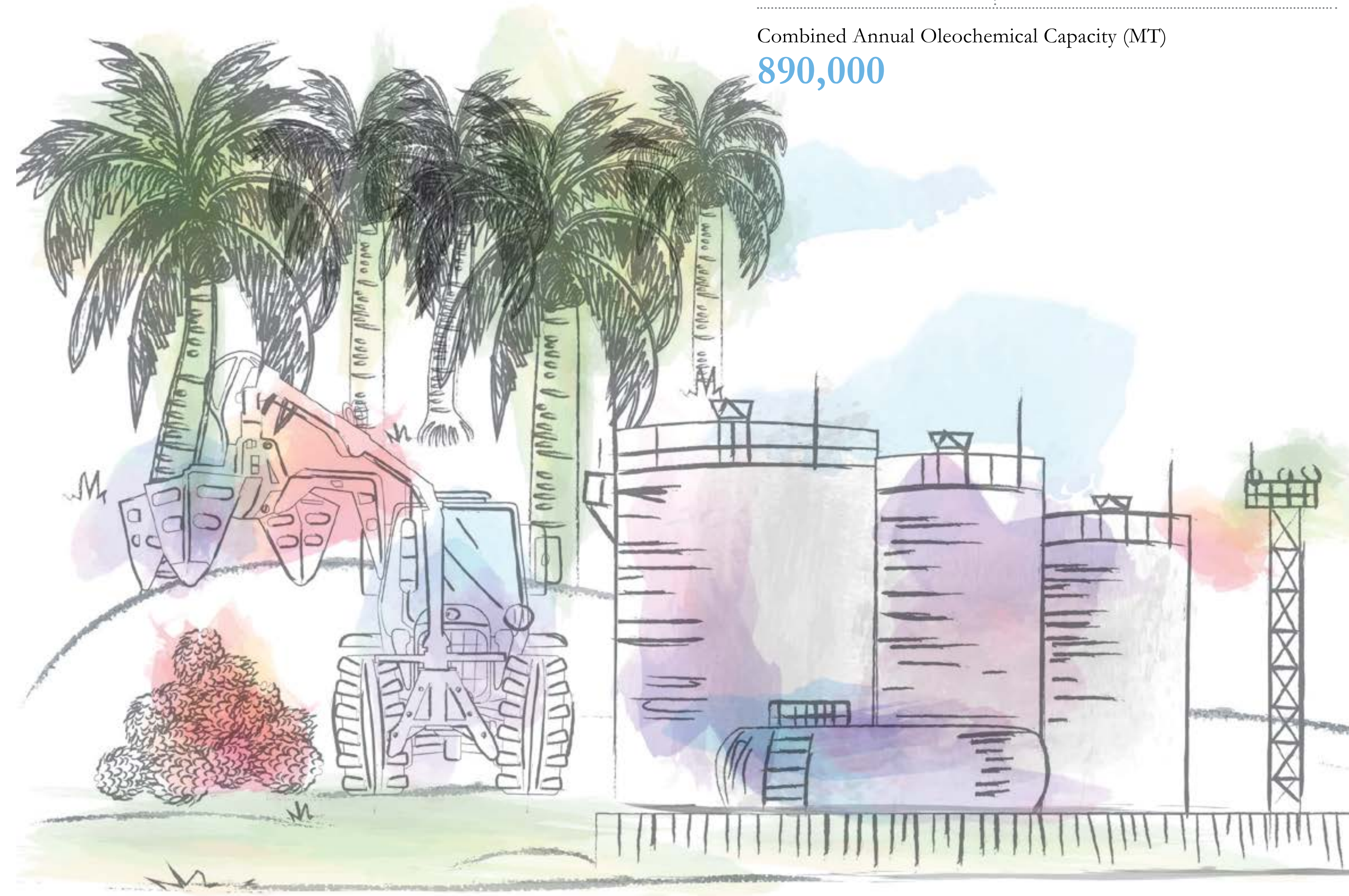
Contribution to Segment Results **63%**	Total Planted Area (Hectares)# **176,925** # Excludes area owned by associate companies
FFB Yield (Per Hectare) **18.66 MT**	Total FFB Production (Million MT) **2.69**
OER **20.92%**	• OER: Oil Extraction Rate • FFB: Fresh Fruit Bunches

RESOURCE-BASED MANUFACTURING

The Group's global resource-based manufacturing business, comprising our refining, oleochemical and specialty oils and fats sub-segments, plays an important role in fortifying our integrated palm value chain. It consists of downstream activities such as refining of crude palm oil and palm kernel oil, and processing of refined palm oil and palm kernel oil into oleochemical as well as specialty oils and fats products.

Contribution to Segment Results **37%**	Combined Annual Refining Capacity (Million MT) **1.8**
6 Manufacturing Facilities* * Excludes associate companies	Export to over **70** Countries Worldwide

Combined Annual Oleochemical Capacity (MT)
890,000



GLOBAL PRESENCE

ASIA

1. Malaysia# ■ ● ◆
2. Xiamen, The People's Republic of China~ ●
3. Shanghai, The People's Republic of China~ ◆
4. Kalimantan, Indonesia ■ ◆
   Plantation & Mill (Kalimantan Barat):
   Berkat Nabati Sejahtera 1-4 Estates^
   Bumi Sawit Sejahtera 1-4 Estates^
   Kalimantan Prima Agro Mandiri 1-4 Estates^
   Sukses Karya Sawit 1-3 Estates^ & Palm Oil Mill
5. Manila, The Philippines~ ◆
6. Dubai, United Arab Emirates~ ◆

EUROPE

7. Rotterdam, The Netherlands ◆
8. Wormerveer, The Netherlands~ ● ◆
9. Witten, Germany ●
10. Hamburg, Germany ◆
11. Wittenberge, Germany ●
12. Varese, Italy~ ◆
13. Warsaw, Poland~ ◆
14. Moscow, Russia~ ◆

AFRICA

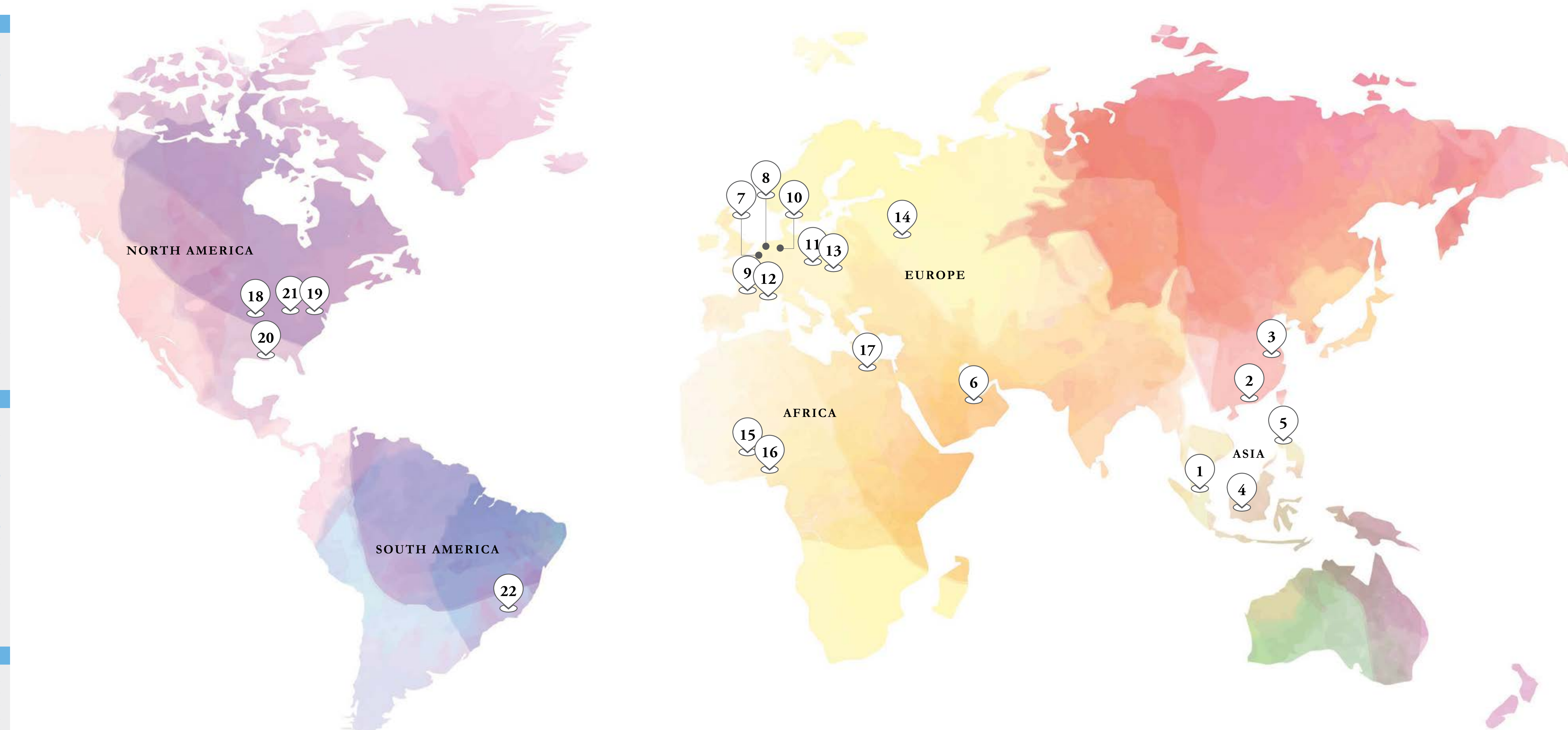
15. Bobo Dioulasso, Burkina Faso~ ◆
16. Tema, Ghana~ ● ◆
17. Cairo, Egypt~ ◆

NORTH AMERICA

18. Channahon, USA~ ● ◆
19. New Jersey, USA ◆
20. New Orleans, USA~ ●
21. Toronto, Canada~ ●

SOUTH AMERICA

22. Sao Paulo, Brazil~ ◆



EXPORTS BY REGIONS

	Oleochemical	Commodity+
Asia	54.5%	42.7%
Africa	1.9%	5.2%
Europe	18.7%	44.9%
North America	22.8%	4.7%
South America	1.7%	–
ROW (Rest of the World)	0.4%	2.5%

OPERATING HIGHLIGHTS

Plantation

Total FFB Production
2.69 Million MT

Resource-Based Manufacturing

Combined Annual Refining Capacity
1.8 Million MT

Combined Annual Oleochemical Capacity
890,000 MT

■ Plantation: Estate & Mill
● Resource-Based Manufacturing
◆ Sales/Procurement/Regional Office

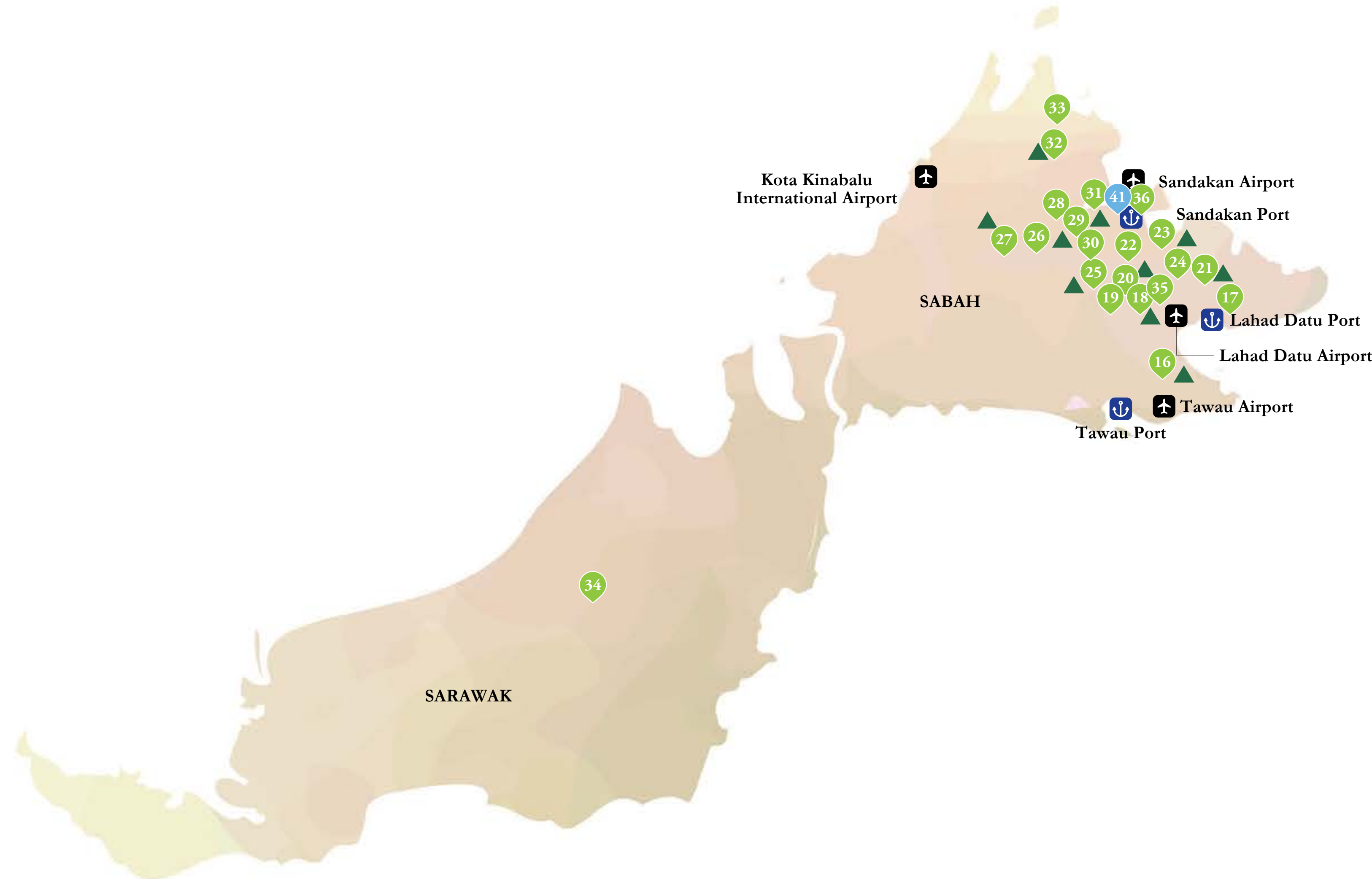
~ Associate (Bunge Loders Croklaan Group BV)
# Includes associate companies
^ Includes plasma estates
+ Excludes sales of palm kernel expellers

LOCAL PRESENCE

PLANTATION (PENINSULAR)

1. IOI Palm Biotech
2. Bukit Dinding Estate
3. Detas Estate
4. Bukit Leelau Estate
5. Leepang A Estate & Laukin A Estate
6. Mekassar Estate & Merchong Estate
7. Pukin Estate
8. Shahzan IOI 1 Estate & Shahzan IOI 2 Estate
9. Bahau Estate & Kuala Jelei Estate
10. IOI Research Centre & Regent Estate
11. Gomali Estate, Paya Lang Estate & Tambang Estate
12. Bukit Serampang Estate & Sagil Estate
13. Segamat Estate
14. Kahang Estate
15. Pamol Barat Estate, Pamol Timur Estate, Organic Barat Estate, Organic Timur Estate, Mamor Estate, Unijaya Estate & Pamol Research Centre (Kluang)

Main Airport
Main Port
Palm Oil Mill
North-South Expressway
East Coast Expressway
~ *Associate (Bunge Loders Croklaan Group BV)*



PLANTATION (EAST MALAYSIA)

16. Baturong 1-3 Estates
17. Cantawan Estate
18. Unico 6 Estate
19. Halusah Estate
20. Tas Estate
21. Unico 1-5 Estates
22. Morisem 1-5 Estates
23. Leepang 1-5 Estates
24. Permodalan 1-4 Estates
25 Syarimo 1-9 Estates
26. Bimbingan 1-2 Estates
27. Mayvin 1-2 & 5-6 Estates & Tangkulap Estate
28. Laukin Estate
29. Ladang Sabah Estates, IOI Research Centre & Sandakan Regional Office
30. Linbar 1-2 Estates
31. Sakilan Estate
32. Pamol Sabah Estates & Pamol Sabah Research Centre
33. Sugut Estate
34. Sejap Estate & Tegai Estate
35. Lahad Datu Regional Office
36. Sandakan Regional Town Office

RESOURCE-BASED MANUFACTURING

37. IOI Oleochemical Operations
38. IOI Pan-Century Oleochemical & Refinery Operations
39. Lipid Enzymtec Plant ~
40. Palm Oil Refinery & Specialty Fats Operations ~
41. IOI Palm Oil Refinery & Kernel Crushing Plant
42. IOI Palm Wood

HIGHLIGHTS OF THE YEAR

Revenue
RM11.58 billion

Profit before Interest and Tax
RM1.82 billion

Net Profit Attributable to Owners of the Parent
RM1.11 billion

Market Capitalisation
RM23.14 billion

Share Price
RM3.73

All of our Malaysian plantation operating units are implementing the e-wallet salary crediting system

Implemented Mechanised Mainline FFB Evacuation System at 96% of Malaysian estates

Developed 14 new formulations for personal care and cosmetic applications

Commissioned a new soap noodles plant with less than 50% of energy consumption and minimal wastage

Completed construction of palm wood factory in Johor, Malaysia

AWARDS & ACHIEVEMENTS

Industry Excellence in Plantation Management Award
IOI Corporation Berhad
(Malaysia International Agricommodity Awards)

Winner in Green Energy Generation
IOI Bio-Energy Sdn Bhd
(ASEAN Energy Awards 2022)

1st Runner-up under Energy Management for Industry (Large Industries)
IOI Edible Oils Sdn Bhd
(National Energy Awards 2022)
(ASEAN Energy Awards 2022)

International Supreme Brand Award
IOI Corporation Berhad
(Federation of Malaysia Chinese Commerce Association)

Gold Award for the Plantation Sector (Equity Awards Category)
IOI Corporation Berhad
(The Edge Malaysia ESG Awards 2022)

FTSE4Good Environmental, Social and Governance ("ESG") Rating: 3.6
IOI Corporation Berhad
(A Constituent of FTSE4Good Index)

Gold EcoVadis Sustainability Ratings
IOI Oleo GmbH
IOI Acidchem Sdn Bhd

Sustainalytics ESG rating improved from 25 to 24.7
IOI Corporation Berhad

Silver Award for Excellence in Leadership Development
IOI Corporation Berhad
(10th HR Excellence Awards 2022)

Conservation Partner Award
IOI Plantation Services Sdn Bhd
(Sabah Forestry Department)

ASEAN Asset Class Award (Malaysia)
IOI Corporation Berhad
(ASEAN Corporate Governance Scorecard Awards 2021)

SPOTT percentage of compliance increased from 76.4% to 79.7%
IOI Corporation Berhad

S&P Global ESG Score for Corporate Sustainability Assessment ("CSA") improved from 40 to 42
IOI Corporation Berhad

WHY INVEST IN IOI

Our strengths differentiate us from others and enable us to create and sustain long-term shareholders' value

Leading Integrated Palm Oil Group with Global Presence

- A fully integrated business model with upstream and downstream operations to mitigate impact of commodity price fluctuations
- Global presence in 8 countries across 4 continents
- Sales are diversified to more than 70 countries to mitigate our exposure to localised risks in any particular market

Efficient Palm Oil Producer

- Proven track record as one of the most efficient major palm oil producers
- IOI Palm Biotech is a leading tissue culture facility producing superior high-yielding oil palm clonal planting materials

Well-Established and Innovative Oleochemical Segment

- Earliest and largest fatty acids producer in Malaysia
- Owner of 23 patents for pharmaceutical applications via IOI Oleo GmbH, Germany
- CARE Studio in Germany developed 62 formulations for personal care and cosmetic applications

Responsible and Sustainable Practices

- 100% of Malaysian plantations are Malaysian Sustainable Palm Oil ("MSPO") certified
- A constituent of the FTSE4Good Index, 77th percentile in the FOA Food Products industry in the S&P Global Corporate Sustainability Assessment, BBB rating by Morgan Stanley Capital International ("MSCI") and achieved Gold EcoVadis Sustainability Ratings (IOI Pan-Century Oleochemicals Sdn Bhd, IOI Oleo GmbH, IOI Acidchem Sdn Bhd)
- Committed the No Deforestation, No New Planting on Peat and No Social Exploitation ("NDPE") since 2016 and protection of High Conservation Value ("HCV") and High Carbon Stock ("HCS") areas

Good Dividend Track Record

- Policy of declaring at least 50% of normalised profit after tax and minority interest ("PATAMI") as dividend

OPTIMISING YIELDS & EFFICIENCY

At IOI, our unwavering commitment lies in the implementation of our five strategic priorities and sustainable agricultural practices that go beyond traditional approaches. We are dedicated to transforming agriculture into a sustainable and forward-thinking industry. Through our precision agriculture, mechanisation, digitalisation and technological advancement, we are on track to continuously improve our efficiency, sustainability and productivity. We firmly believe that by embracing innovative techniques, we can enhance plantation management, foster economic growth and tackle the environmental challenges we face today.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of IOI Corporation Berhad ("IOI" or "the Group"), I take great pleasure to present to you the Annual Report of the Group for the financial year ended 30 June 2023 ("FY2023").

TAN SRI PETER CHIN FAH KUI
Independent Non-Executive Chairman

OPERATING ENVIRONMENT

The year started with the global economic landscape in a delicate state following widespread global inflation, rising geopolitical tensions in addition to the ongoing Russia-Ukraine war undermining global trade. Global economic outlook has since turned negative and the World Bank and the International Monetary Fund projected an even slower global economic growth of 2.1% and 3.0% respectively for 2023 from an estimated growth of 3.1% and 3.5% respectively in 2022.

For the plantation sector, crude palm oil ("CPO") price has been trending lower compared to the previous financial year whilst continuing to be volatile. CPO price dipped as low as RM3,300 per metric tonne ("MT") level in early June 2023 before recovering to RM4,000 per MT level. The weak price trajectory was attributed to several contributing factors including the anticipation of seasonal increase in palm fruits production in the second half of this year, a slowdown of palm oil exports to China as well as influence of Indonesia's palm oil export policies.

As for the foreign exchange market, the US Dollar strengthened sharply against the Malaysian Ringgit from USD/MYR 4.40 level early this year to about USD/MYR 4.68 level as at the end of June 2023. The strong US dollar was due to the US Federal Reserve increasing the federal funds rate rapidly since early 2022 from 0.25% to 5.50% (upper limit) currently to curb inflationary pressures in the United States.

Revenue
RM11.58 billion

Profit before Interest and Tax
RM1.82 billion

Net Profit Attributable to Owners of the Parent
RM1.11 billion

REVIEW OF RESULTS

For the financial year under review, the Group's profit before tax ("PBT") totalled RM1,526.0 million, 35% lower compared to the PBT of RM2,352.6 million reported for financial year ended 30 June 2022 ("FY2022"). If we exclude the non-operating and one-off items (as detailed below), the underlying PBT is RM1,764.3 million for FY2023 which was 31% lower than the underlying PBT of RM2,547.7 million for FY2022. The decrease was mainly due to lower contribution from our plantation segment, mitigated by higher contribution from our resource-based manufacturing segment:

IOI is aggressively expanding our digitalisation and mechanisation efforts to optimise workforce and enhance operational efficiency.

Underlying PBT Year-to-Date

In RM million	FY2023	FY2022
PBT	**1,526.0**	**2,352.6**
Exclude non-operating and one-off items:		
Net foreign currency translation loss on foreign currency denominated borrowings and deposits	174.5	12.8
Net fair value loss on derivative financial instruments	81.0	63.7
Share of impairment loss of specialty fats associate, Bunge Loders Croklaan Group BV ("BLC")	-	55.3
Loss on repurchase of Guaranteed Notes due 2022	-	29.4
Net gain on partial disposal of 10% equity interest of an associate	(17.2)	-
Impairment loss on Group's interest in an associate	-	33.9
	238.3	195.1
Underlying PBT	**1,764.3**	**2,547.7**

For our plantation segment, the lower operating profit of RM1,151.3 million recorded for FY2023 as compared to FY2022 of RM2,084.2 million was mainly due to lower CPO and palm kernel ("PK") selling prices and also higher cost of production. Overall average CPO and PK prices realised for FY2023 were RM4,118 per MT (FY2022 – RM4,688 per MT) and RM2,233 per MT (FY2022 – RM3,593 per MT) respectively. The lower segment profit reported was also due to lower share of associates results of RM185.8 million compared to RM334.6 million reported in FY2022.

GROUP OVERVIEW
KEY MESSAGES
STRATEGIC VALUE CREATION
STRATEGIC PROGRESS
PERFORMANCE REVIEW
GOVERNANCE
FINANCIAL REPORT
ADDITIONAL INFORMATION

CHAIRMAN'S STATEMENT

For our resource-based manufacturing segment, the profit for FY2023 was RM691.0 million as compared to RM537.3 million for FY2022. If we exclude the fair value loss on derivative financial instruments of RM58.1 million (FY2022 – gain of RM32.0 million) and share of BLC's impairment loss of RM55.3 million in FY2022, the resource-based manufacturing segment reported an underlying profit of RM749.1 million for FY2023 which was 34% higher than the underlying profit of RM560.6 million for FY2022. The higher profit was mainly due to higher margins from our refining sub-segment, which was partly offset by lower margins from our oleochemical sub-segment.

A more detailed review of the Group's performance is covered under the Group Business Review section from pages 64 to 75 in this Annual Report.

MAJOR CAPITAL EXPENDITURE

The Group continues to invest in its business operations through organic growth and new expansions. During the period, we have completed the construction of our new 110,000 MT/year capacity oleochemical plant in Prai, Penang and a new soap noodles plant in Pasir Gudang, Johor. Additionally, we commissioned our pioneer palm wood factory at Segamat, Johor. These plants are expected to bolster the Group's resource-based manufacturing income in the future.

The total capital expenditure for FY2023 was RM621.2 million, of which RM444.5 million was incurred by the plantation segment and RM171.3 million was incurred by the resource-based manufacturing segment.

Following the Group's replanting programme, approximately 8,300 hectares ("ha") of past prime trees were replanted during FY2023 with higher yielding oil palm planting materials and approximately 7,800 ha of oil palm trees were brought into maturity.

> "The resource-based manufacturing segment reported an underlying profit of RM749.1 million for FY2023 which was 34% higher than the underlying profit of RM560.6 million for FY2022."

Our new oleochemical plant in Prai, Penang will increase the Group's oleochemical production capacity by about 14% to 890,000 MT/year.

DIVIDEND AND CAPITAL MANAGEMENT

During the financial year, the Group distributed an interim single tier dividend totalling 6.0 sen per ordinary share amounting to approximately RM372.4 million in March 2023. The Board subsequently declared a second interim single tier dividend of 5.0 sen per ordinary share, amounting to approximately RM310.2 million in August 2023. In aggregate, the total dividend declared for FY2023 is approximately RM682.6 million.

During the period, the Group continues to generate value for shareholders by purchasing about 9.28 million of its issued shares capital from the open market at an average price of RM3.71 per share for a total consideration of approximately RM34.4 million.

Notwithstanding the distributions mentioned above, the Group continues to remain in a strong liquidity position with a low net gearing ratio of 14% and cash and cash equivalents of RM2.2 billion as at the end of FY2023. The ample reserve also allows the Group to capitalise on any future investment opportunities.

IOI's annual Board Retreat to review and discuss our current and future journey.

GOVERNANCE

During this financial year, we have reinforced our commitment to sustainability governance by establishing a dedicated Board Sustainability Committee ("BSC"), led by an Independent Non-Executive Director serving as its chairperson. The BSC will be accountable to the Board in the performance of its duties and responsibilities.

At the same time, the Group has also strengthened its governance over financial reporting matters with the appointment of Mr Lim Tuang Ooi as an Independent Non-Executive Director and a member of the Audit and Risk Management Committee in July 2023. Mr Lim is a Chartered Accountant with over 40 years of experience in the fields of risk management, banking and accounting. He was previously the Chief Financial Officer of Hong Leong Bank Berhad, Senior General Manager and Head of the Risk Management Division (Chief Risk Officer) of the Employees Provident Fund and Senior Adviser and Director of Investment Risk and Governance at Khazanah Nasional Berhad.

Our Board was further bolstered by the appointment of Datuk Zurinah binti Pawanteh on 1 September 2023 as an Independent and Non-Executive director. Datuk Zurinah is the Chairman of the Malaysian Rubber Board and a former Secretary General of the Ministry of Plantation and Commodities, as well as the Ministry of Energy and Natural Resources and Ministry of Water, Land and Natural Resources.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend a warm welcome to Mr Lim Tuang Ooi and Datuk Zurinah as the new additions to the Board of Directors. I would also like to express our heartfelt appreciation to Datuk Karownakaran @ Karunakaran a/l Ramasamy, who retired from our Board after dedicating about 11 years of exemplary service to our Group.

Despite the challenges posed by a volatile global economic environment and fluctuating commodity prices, the Group achieved a satisfactory financial performance for FY2023. In recognition of the Group's resilient business performance, I would like to express my gratitude to the management and employees of IOI for their commitment and hard work. Finally, I extend my thanks to our stakeholders, namely our customers, bankers, business partners, government authorities, non-government organisations and also our shareholders for their continued support and confidence in our Group.

Thank you.

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

Dear Esteemed Stakeholders,

I am pleased to provide an overview of the Group's progress on strategic priorities, sustainability initiatives, and also prospects for the financial year 2024 ("FY2024").

DATO' LEE YEOW CHOR
Group Managing Director and Chief Executive

STRATEGIC PRIORITIES

The Group initiated a Five-Year Plan in March 2020, to provide a clear direction for the Group to progress from a cost competitive palm oil producer to a high value-added diversified palm-based products producer. Now in its fourth year, the Five-Year Plan is driven by five strategic priorities to build sustainable growth for the Group.

The first priority is to increase plantation oil yield by at least 15% by the end of 2024. We aim to achieve this through utilisation of our high-yielding planting materials, encompassing elite clonal palms and third-generation hybrid palm seedlings, while employing the best agricultural and labour management practices. Notably, our best performing estates where we have planted with our elite clonal palms, have delivered oil yield in excess of 6.5 metric tonne ("MT") per hectare ("ha"), significantly surpassing the Malaysian industry average oil yield of 3.05 MT per ha in 2022.

However, the industry-wide labour shortage situation made worse by the freezing of new migrant workers intake during the pandemic period has hindered our ability to fully optimise the best agricultural practices and realise further operational efficiencies to improve oil yield on a Group-wide basis. Consequently, the Group's average oil yield stood at 3.90 MT per ha, falling short of its full potential. The situation has shown vast improvement with the return of migrant workers earlier this year, particularly in our Peninsular Malaysia estates. Given time, these new workers will become more productive and help to achieve our targeted oil yield.

Our second strategic priority centres on reduction of our plantation workforce by increasing the land to worker ratio through implementation of various estate mechanisation and digitalisation initiatives. As at the end of August 2023, 96% of our terrain-suitable estates, covering approximately 80% of our planted area, have been converted to the mechanised mainline fresh fruit bunches ("FFB") evacuation system. Hundreds of mechanical equipment and tools have also been procured to assist in our infield FFB evacuation as well as field upkeep operations. Furthermore, we are implementing an e-wallet salary crediting system built on our integrated SAP platform in all our Malaysian plantation operating units to simplify our workers' payroll system. With the aforementioned progress, the Group is nearing the completion of this second strategic priority.

The Group's third strategic priority is aimed at mitigating exposure to palm oil price volatility as well as to generate higher returns from its land bank by diversifing the planting of crops to other higher value crops. Under this initiative, we have planted about 1,000 ha of coconuts for the financial year ended 30 June 2023 ("FY2023"), making up a total of 1,471 ha of coconut planted as at June 2023. We target to plant another 1,807 ha of coconut by next year. However, our coconut planting has lagged behind our initial target of reaching 5,000 ha by the end of 2024, primarily due to worker shortage experienced over the past two years. Nevertheless, we remain committed to achieve this target beyond FY2024.

The fourth strategic priority is to increase the non-crude palm oil ("CPO") income by converting oil palm by-products and processing waste into value-added products at competitive cost. I am delighted to report that the Group has completed the construction of a first-of-its-kind palm wood factory in Segamat, Johor to convert oil palm trunks into high performance palm wood boards and panels, and subsequently launched the *OnCore*® branded palm wood products at the Malaysian Wood Exhibition in July 2023. Going forward, we intend to scale up production of these palm wood boards once we established a strong market presence globally.

Finally, the Group is committed to increase our oleochemical sub-segment's profit contribution through organic growth from capacity expansion, improvement in production efficiency and introduction of innovative high value-added product applications. In this respect, I am pleased to report that the new 110,000 MT/year capacity fatty acid plant in Prai, Penang and state-of-the-art soap noodles plant in Pasir Gudang, Johor started commissioning in the second quarter of 2023. This new fatty acid plant has increased the Group's oleochemical production capacity by about 14% from 780,000 MT/year to 890,000 MT/year.

Meanwhile, our oleochemical business unit in Germany has recorded yet another strong performance for FY2023 anchored by its pharmaceutical business segment. The German business unit has developed 14 new formulations for personal care and cosmetic applications and filed another two new patents for food and cosmetic applications during FY2023.

Progress of the Group's Strategic Priorities are further detailed in pages 46-51 of this Annual Report.

> "Our oleochemical business unit in Germany has recorded yet another strong performance for FY2023 anchored by its pharmaceutical business segment."

IOI Palm Wood's factory in Segamat, Johor, with a current capacity of 30,000m³ per annum, has a potential maximum annual capacity of approximately 80,000m³ of finished panels.

CORPORATE SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG")

As mentioned in the preceding section by our Group Chairman, for this financial year, we further strengthened our sustainability governance by introducing a Board Sustainability Committee ("BSC") which is chaired by an Independent Non-Executive Director. The BSC will hold accountability to the Board for the diligent execution of its duties and responsibilities.

On the social front, the Group continues to protect its employees' welfare and safety by implementing policies and guidelines such as the Worker's Work Verification Guidelines and adhering to IOI's Code of Conduct on Ethical Recruitment and Responsible Employment to protect the rights of our workforce. We also continued with the child education initiative to counter child labour which we had launched in 2021. We completed a third-party audit on our compliance with both the governance and social aspects of the International Labour Organization's ("ILO") Force Labor Indicators and are collaborating with International Organisation for Migration ("IOM") to facilitate improved communication with workers particularly in respect of our No Recruitment Fees policy and on worker's rights.

For the environment, when we introduced our Climate Change Action initiative ("CCAi") back in 2019, we took steps to align our CCAi with the Task Force on Climate-Related Financial Disclosures ("TCFD") framework which formed the basis for the Group's path towards decarbonising our business operations and building climate resilience. I am happy to report that we are on track to meet our short-term target of a 40% greenhouse gas ("GHG") reduction by 2025 for Scope 1 and 2 (based on 2015 level). Following this consistent performance, the Group launched its long-term target to achieve net zero GHG emissions by 2040 for Scope 1, 2 and 3. As a pledge towards transparency and disclosure, we further committed to the Science Based Target initiative ("SBTi") Forest, Land and Agriculture ("FLAG") in March 2023 where we will reiterate our commitment to zero deforestation and develop verifiable science-based emissions reduction targets.

IOI Oleo GmbH developed 14 new formulations for personal care and cosmetic applications in their CARE Studio at Hamburg, Germany during FY2023.

Last year, I reported the resolution of the long-standing IOI-Pelita land dispute following the Roundtable on Sustainable Palm Oil ("RSPO") Resolution Plan. This significant achievement was marked by the signing of a final settlement agreement in 2022 with all the communities and all compensation including ex-gratia payments completed. Further to that, I am pleased to announce that in June 2023, the RSPO Complaints Panel had deliberated and reached a decision to close the case pertaining to worker conditions and grievances at our Mekassar Estate, originally raised in November 2020. As of now, the Group has no outstanding complaint cases in the RSPO Complaints system.

As for corporate social responsibility ("CSR"), the Group undertakes CSR activities via IOI Foundation (formerly known as Yayasan Tan Sri Lee Shin Cheng), a charity foundation funded solely by the Group and its sister company, IOI Properties Group Berhad. IOI Foundation has awarded more than 337 students with university scholarships and adopted more than 1,500 students under its Student Adoption Programme and also operates Bargain Basement, a charity retail-based establishment which has four outlets in Putrajaya, Selangor and Perak. It also sponsors after-school science, technology, engineering and mathematics ("STEM") programmes in collaboration with Universiti Tunku Abdul Rahman ("UTAR"). During December 2022 and August 2023, IOI Foundation organised a Leadership Youth Camp where some of our employees' children honed their communication and leadership skills.

> **"The Group launched its long-term target to achieve net zero GHG emissions by 2040 for Scope 1, 2 and 3."**

Our guests witnessing how technology has enabled us to power up our productivity and execute our environmental, social and governance strategies more effectively at our IOI familiarisation trip to Gomali Estate and Gomali Palm Oil Mill.

OUTLOOK AND PROSPECTS

Crude palm oil ("CPO") price has been volatile since May 2023, ranging from RM3,300 to RM4,100 per tonne. We foresee CPO price to remain range-bound between RM3,500 and RM4,000 per tonne until the end of the year before moving higher as a result of lower palm fruits production due to the effects of El Niño phenomenon, which is expected to intensify in the coming months.

For our plantation segment, we forecast a moderate increase in FFB production for FY2024 notwithstanding the adverse effects of the abovementioned El Niño phenomenon and the ongoing accelerated replanting programme in Sabah. The growth would be achieved primarily through increased efficiency from our fully replenished new workers in Peninsular Malaysia and higher production from the young palm trees in our Indonesian plantations. At the same time, production cost is expected to be considerably lower due to the higher palm fruits yield and decline in fertiliser as well as diesel costs compared to FY2023. All things considered, we are optimistic of a satisfactory financial performance for plantation segment in FY2024.

Regarding our refinery and commodity marketing sub-segment, we expect it to continue to face low or negative refining margins due to stiff competition from Indonesian refiners who benefit from their country's CPO export duty policy. However, our refineries' efficient cost structure and capability in producing low 3-MCPD and GE oil blends will give us a competitive advantage in the challenging operating environment.

The outlook for our oleochemical sub-segment remains subdued in light of the weak global economic environment and rising geopolitical tensions that undermined global trade. Despite these challenges, the expected better demand from China will help to alleviate some of the global demand slow down. Our new fatty acid and soap noodles plants will also help to lower our production cost and give us the flexibility to tailor our products to meet customer requirements.

For our specialty fats sub-segment comprising our associate company, Bunge Loders Croklaan Group BV ("BLC"), its performance is less dependent on global economic growth as demand for food is more resilient. We anticipate improved performance for FY2024, driven by the newly acquired refinery facility in North America and the introduction of innovative product applications.

The US Dollar-Ringgit exchange rate which affects the foreign exchange translation gain/loss arising from our USD-denominated borrowings will be volatile with the uncertainties in the US Federal Reserve's monetary policy.

Overall, the Group expects its operating and financial performance for FY2024 to be satisfactory.

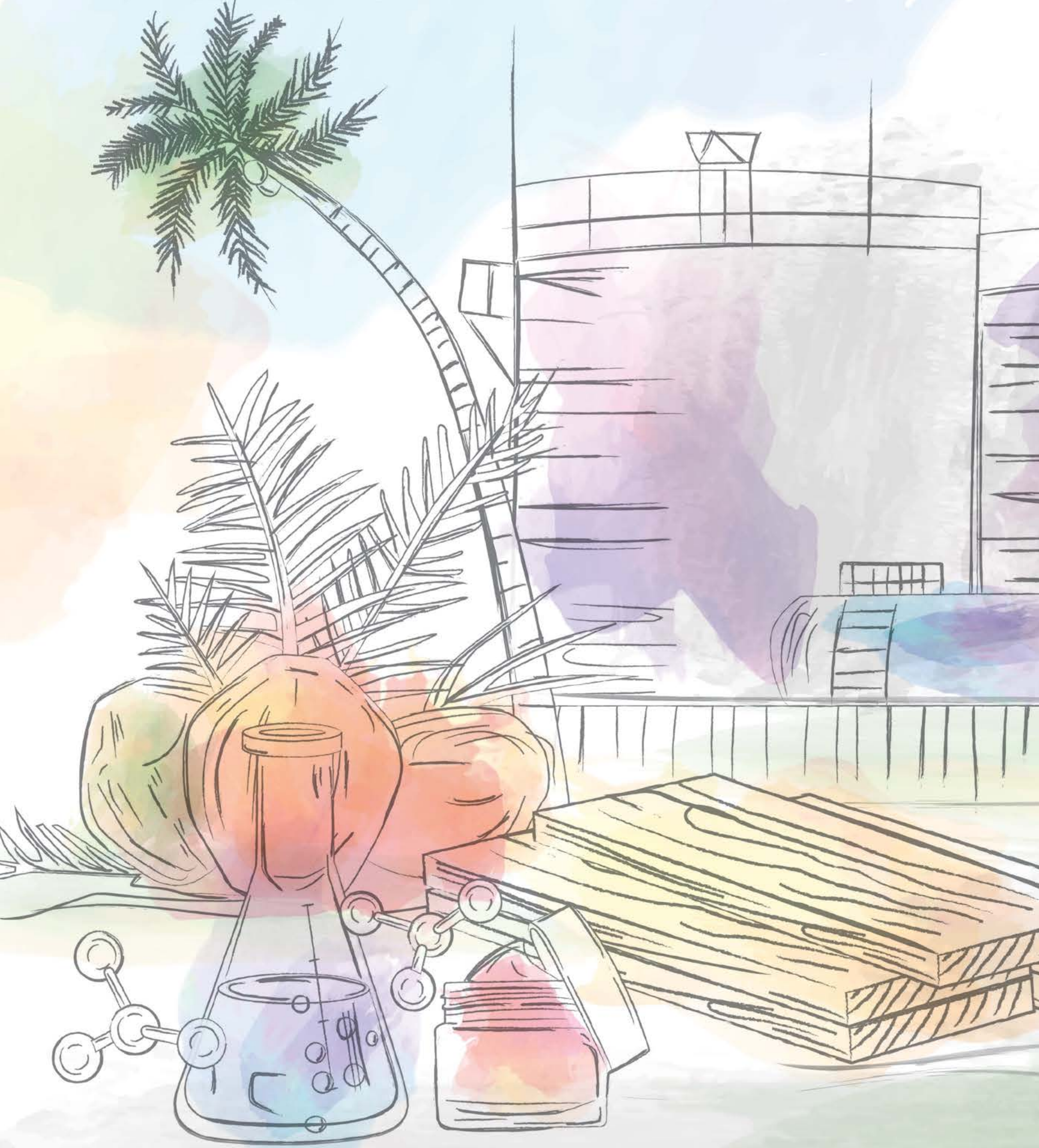
CLOSING REMARKS

The Group remains steadfast on building sustainable growth and is committed in the disciplined execution of its Five-Year Plan, despite the weaker external environment.

In pursuing these objectives, our team continues to uphold a values-centric culture based on the six IOI core values namely integrity, commitment, team spirit, cost efficiency, innovation and excellence in execution.

Building on the platforms of innovation to maintain our competitive advantage, people development to empower talents, and prudent risk management to withstand external shocks, the Group remains resilient and is poised for future growth and expansion.

Dato' Lee Yeow Chor
Group Managing Director and
Chief Executive



CAPTURING GROWING DEMAND & MARKET OPPORTUNITIES

At IOI, we continuously explore innovative ways to develop and market high value-added products that meet the evolving needs of our customers. Leveraging our integrated supply chain and extensive knowledge of Roundtable on Sustainable Palm Oil ("RSPO") Supply Chain Certification Systems, we are offering a diverse range of RSPO-certified palm oil products to meet the growing customer demand, achieve economies of scale and improve our market position. By taking this approach, we are not only expanding our product offering but also creating new avenues for growth and value creation.

VALUE CREATION MODEL

OUR VISION IS TO BE A LEADING AND SUSTAINABLE MALAYSIAN BUSINESS CORPORATION WITH GLOBAL PRESENCE.

1 CAPITAL INPUTS

Human
- Strong leadership and governance
- **≈28,000** talented and diverse people
- Succession and business continuity planning
- Training and upskilling opportunities to develop employees

Natural
- **98** estates
- **207,129** hectares of landbank
- Seeds, plants and healthy soil to cultivate oil palm trees and other crops

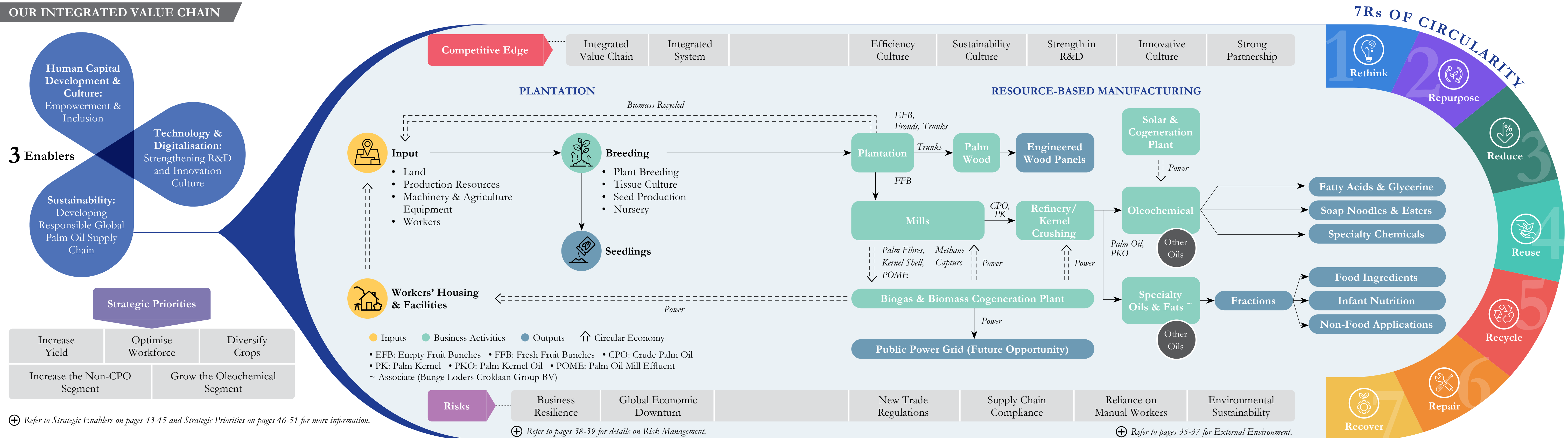
Financial
- Access to capital for investments in future success
- **RM17.6** billion of total assets
- **RM11.3** billion of shareholders' equity

Manufactured
- **15** mills
- **2** refineries
- **4** oleochemical plants/complexes
- **1** palm wood factory
- **1** biotech centre
- **4** Research and Development ("R&D") centres

Social & Relationship
- Strong long-term relationships with shareholders, customers, suppliers, financial institutions, non-governmental organisations ("NGOs"), regulators and communities to create shared values

Intellectual
- R&D capabilities and intellectual property
- Brand values and good reputation
- Best agronomy practices and estate management practices

2 OUR INTEGRATED VALUE CHAIN



Refer to Strategic Enablers on pages 43-45 and Strategic Priorities on pages 46-51 for more information.

Refer to pages 38-39 for details on Risk Management.

Refer to pages 35-37 for External Environment.

3 VALUE DELIVERY & IMPACT

Human
- Good employee career development and progression
- Healthy workforce
- Safe and conducive workplace

Natural
- Sustainable palm oil practices support climate action and maintain ecosystem health
- Implement and introduce organic palm oil
- **15** mills: 14 RSPO and MSPO-certified
- No deforestation and protection of High Carbon Stock Forests and High Conservation Value Areas
- Towards Group-wide net zero by 2040

- RSPO: Roundtable on Sustainable Palm Oil
- MSPO: Malaysian Sustainable Palm Oil

Financial
- Sustainable and profitable growth
- Good dividend payout
- Green and responsible investment
- Better economies of scale
- Resilient earnings from fully integrated business model

Manufactured
- State-of-the-art, certified and accredited manufacturing facilities
- Significant operational efficiencies and synergies
- First-of-its-kind palm wood factory

Social & Relationship
- Quality and customised products at competitive cost for customers to support quality of life and improve nutrition
- Improve livelihoods and uphold land rights of local communities

Intellectual
- High-yielding germplasm
- Developed **14** new formulations for personal care and cosmetic applications
- Filed **2** new patents for food, cosmetic and expandable polystyrene ("EPS") applications
- ONE IOI Integrated Platform

In alignment with our three pillars of sustainability (People, Planet, Prosperity) + Partnership, together with the six adopted relevant United Nations Sustainable Development Goals ("UN SDGs").

IOI'S PATHWAY TO NET ZERO BY 2040

IOI Corporation Berhad ("IOI") first embarked on our journey to reducing our greenhouse gas ("GHG") emissions in 2019 through the introduction of the Climate Change Action initiative ("CCAi"). In 2021, IOI proceeded to adopt recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD") around four thematic areas (Governance, Strategy, Risk Management, Metrics and Targets).

OUR GOVERNANCE

The Board Sustainability Committee has oversight over the strategy and development of the CCAi and reports directly to the Board.

STRATEGY

To achieve Net Zero carbon emissions, IOI is committed to continuously improve our climate change action plans by:

- Reducing our climate change impact by committing to achieve Net Zero for carbon intensity by 2040
- Promoting climate change action plans and practices through innovation, improved efficiency and support actions throughout the operations
- Increasing the resilience of our business by managing risks and opportunities, forecasting climate scenarios for climate impact valuation, incorporating our 7Rs of Circularity, and practising Precision and Regenerative Agriculture

RISK MANAGEMENT

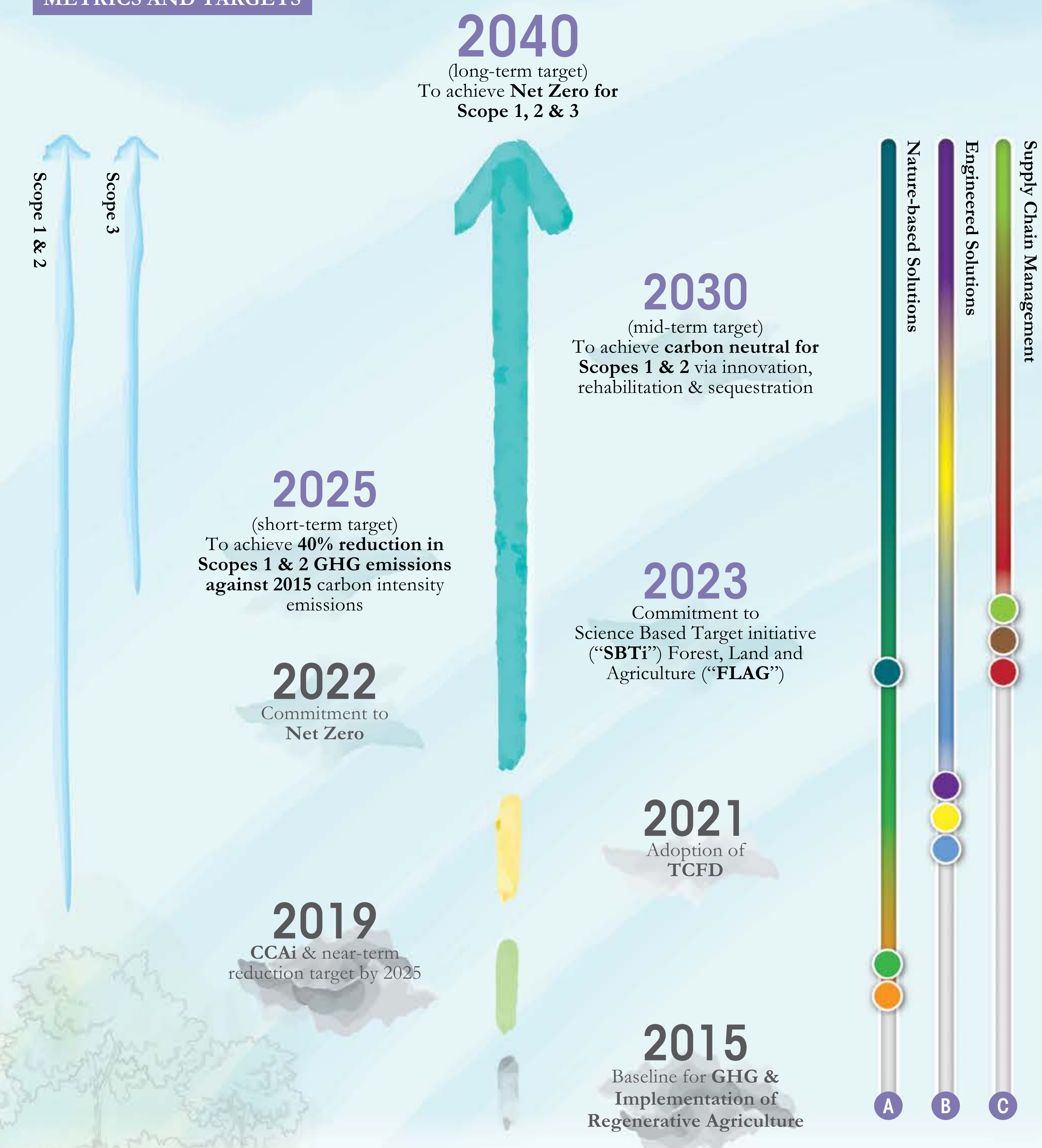
IOI conducted a quantitative Group-wide climate change assessment with an expert TCFD consultant to help identify our climate-related transition and physical risks.

Actions to manage our climate-related risks and opportunities comprise of:

- GHG emissions reduction and removal including sequestration commitments as well as increasing productivity and energy efficiency
- Managing GHG emissions from supply chain with introduction of climate-related procurement standards and principles
- Adoption and application of technologies and new innovations to mitigate risks and create opportunities

A Nature-based Solutions	B Engineered Solutions	C Supply Chain Management
No Deforestation, No New Planting on Peat, & No Social Exploitation ("NDPE")	Technology & Innovation	Supplier Awareness & Capacity Building
Reforestation, Rehabilitation & Protection of Conservation Areas	Renewable Energy	Climate-related Procurement Standards & Principles
Enhance Biodiversity & Ecosystem	7Rs of Circularity	Efficient Green Supplier Selection Process

METRICS AND TARGETS



To learn more of our CCAi, refer to our Sustainability Report 2023.

IOI'S CASE FOR ACTION ON CLIMATE CHANGE ADAPTATION

We have made a worldwide science-based commitment to reach net zero GHG emissions by 2040.

As a valuable agribusiness company, we have been and will keep gearing ourselves towards operating in a fast-changing environment and the extremes of changes in weather conditions, by investing in green infrastructures towards creating a synergy of a circular economy within each of our operating units, as well as advocating a transformational and innovative work culture that is aimed at improving productivity, work efficiencies and better cost management.

Since 2019, we have introduced our Climate Change Action initiative ("CCAi") as one of our long-term action plans to mitigate and reduce greenhouse gas ("GHG") emissions from our diverse and vertically integrated operations. The aim of this initiative is to achieve carbon neutral Group-wide by 2030 through expediting and improving carbon reduction initiatives while exploring new opportunities in minimising carbon emissions through operational efficiency and the utilisation of renewable energy – all these being in line with our five Strategic Priorities.

⊕ *Look to pages 28-29 for our IOI Pathway to Net Zero by 2040, and pages 46-51 for our Strategic Priorities.*

SCALING BREAKTHROUGHS TO NET ZERO

The CCAi is reported in alignment with the recommendations from the Task Force on Climate-Related Financial Disclosures around four thematic areas – Governance, Strategy, Risk Management, Metrics and Targets – and with reference to the International Sustainability Standards Board climate disclosures.

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
An overview of our sustainability governance structure, the roles of the different committees, management and working groups within IOI and the parts they play in managing or overseeing our responses to climate-related matters.	An overview of our action plans and practices in managing strategic risks and opportunities arising from climate change, and the continuous improvement we put in place to check-and-balance our pledge towards our net zero goal.	An overview of our Enterprise Risk Management framework and the processes within it, its application within our supply chain network and how those processes apply to climate-related risks.	An overview of the key metrics and targets we are using as indicators to track our progress we have made in our main areas of business as well as how we manage our transition to a net zero future.

⊕ *For a detailed review on our CCAi progress, refer to our Sustainability Report 2023.*

We are seeing and will keep experiencing rapid, dramatic increase of climate change incidents as we continue to relook how our supply chain works from within and look for opportunities to achieve breakthrough innovations as well as deliver net zero infrastructures that will be pivotal for us to achieve our net zero target.

THE HEAT IS ON FOR A GREEN RECOVERY

To tackle arguably the most important challenge of our time – climate change – we must work together in decarbonising our operations and supply chain as we transition to a net zero future by 2040. Read about our progress in our Sustainability Report 2023. While we still have a long way to go, we are proud of what we have achieved so far, and remain firmly committed to playing our part in this transition towards a net zero future.

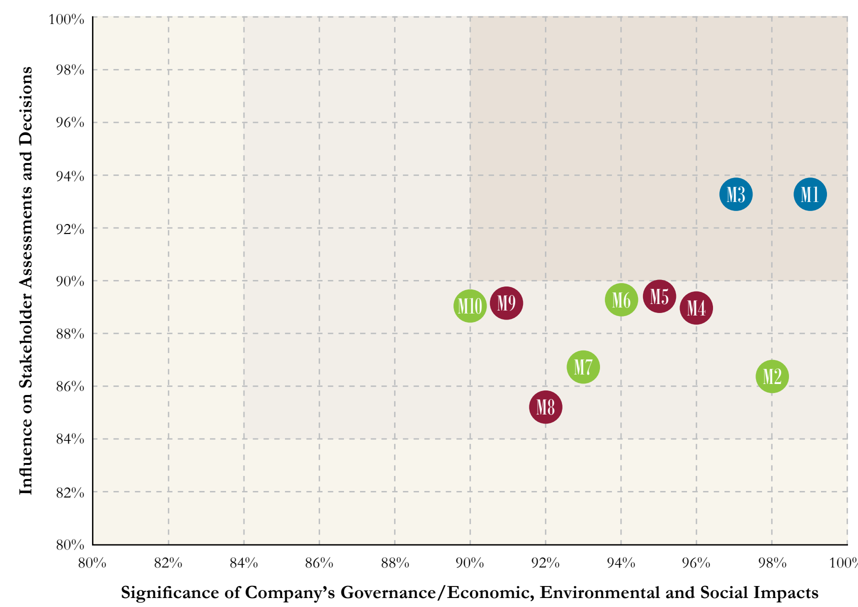
MATERIAL MATTERS

We have identified 10 most material issues based on stakeholders' feedback and our assessment of priority to IOI. Our mix of stakeholders' engagement includes those who are our employees, suppliers, customers and investors, as well as communities in the areas we operate in, civil societies and government agencies, and our point of discussion revolves around four aspects, namely economics, environmental, social and governance issues.

Our Board of Directors, and Group Managing Director and Chief Executive have validated and endorsed these 10 material matters. We approach each and every matter based on the concept of double materiality, where we measure how our business is affected by sustainability-related topics and how our activities impact both the society and the environment.

⊕ *Refer to our Sustainability Report 2023 for a detailed review.*

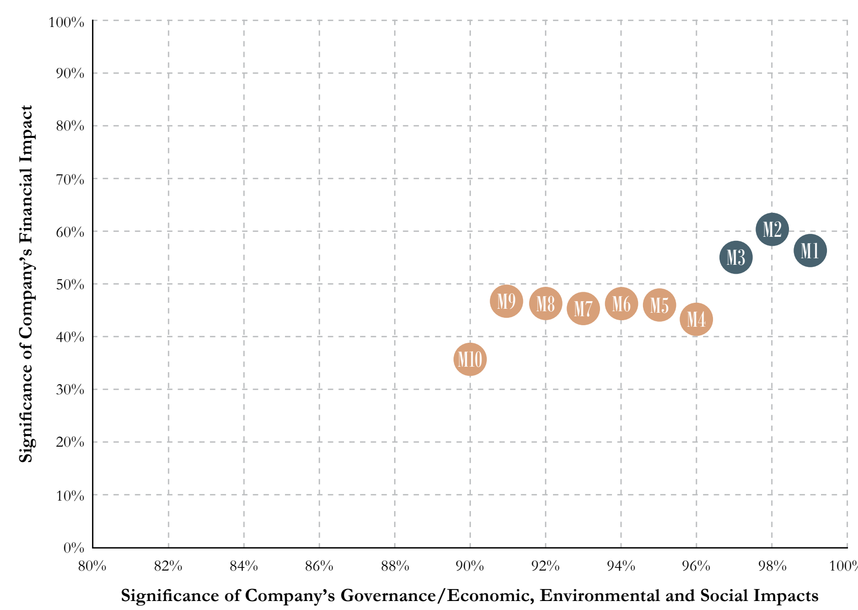
MATERIALITY MATRIX



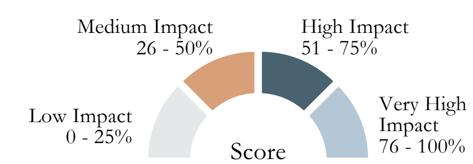
● Environment ● Social ● Governance/Economic

Top 10 Sustainability Material Matters	
M1	Health and Safety
M2	Climate Change and Greenhouse Gas Emissions Management
M3	Human Rights and Good Labour Practices
M4	Grievance Mechanism and Transparent Communication
M5	Traceability and Responsible Sourcing
M6	Fire Management
M7	Circular Economy and Waste Management
M8	Energy Management and Operational Eco-efficiency
M9	Regulatory and Third-Party Compliance
M10	Biodiversity and Conservation

DOUBLE MATERIALITY MATRIX



Financial Impact Categories



M1 HEALTH AND SAFETY

Why Is This Topic Important To Us?

Human loss is immeasurable. Providing a healthy and conducive working environment is vital to keeping our people – including our employees, suppliers, customers, local communities – safe, which in turn, helps build positive business culture.

Our Response

Without proper safety and health management, both plantation and manufacturing segments (including our people and buildings) are exposed to productivity and safety risks. While we meet world-class accreditation levels such as ISO 45001:2018 Occupational Health and Safety Management Systems, our duty of care also extends to all aspects of health and well-being including mental health as we understand employees' happiness is vital to business continuity.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M2 CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS MANAGEMENT

Why Is This Topic Important To Us?

Climate-related risks and implications will continue to be one of our biggest challenges in the agribusiness sector. As a leading global integrated palm oil player, we are gearing ourselves towards operating in a fast-changing environment and the extremes of changes in weather conditions, by investing in green infrastructures towards creating a synergy of a circular economy within each IOI operating unit, as well as implementing deeper decarbonisation efforts from both induced digital and mechanical technological change.

Our Response

In line with our Group-wide IOI Climate Change Action initiative, introduced in 2019, our fight to be a game changer in reducing climate change impacts further intensify within our company culture, down to all our local and global operating units, through the implementation of the 7Rs ("Rethink, Repurpose, Reduce, Reuse, Recycle, Repair and Recover") of Circularity and as well as targeted nature- and technology-based approaches.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M3 HUMAN RIGHTS AND GOOD LABOUR PRACTICES

Why Is This Topic Important To Us?

Economic development depends on the acceptance of rules whereas human rights are the essence of sustainability. At IOI, we pursue to look beyond definitions and calculation methodologies as we continuously improve our own commonly-accepted IOI guidelines to ensure that human rights are respected and good labour practices are accounted for. We aim to create a positive impact towards all our stakeholders, as IOI is a part of, and not apart from, society.

Our Response

We incorporate the frameworks of Environmental, Social and Governance ("ESG") into our company culture and we also comply to both local and international laws as guided in our Sustainable Palm Oil Policy ("SPOP"), which covers codes and standards related to fair labour practices and human rights. Our statement of commitment sets the path to develop clear definitions of best practices in the long-term, tailored and led by our transparent and accountable approach in our own business operations.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

MATERIAL MATTERS

M4 GRIEVANCE MECHANISM AND TRANSPARENT COMMUNICATION

Why Is This Topic Important To Us?

Transparency and communication enable value for all stakeholders. As a responsible business, we strongly believe that flagging and resolving strategic and/or sensitive issues on the ground are more effective when there is a trusted and efficient pathway to identify solutions, to make certain of adherence to those solutions as well as a system in place to make sure that stakeholders are aware of the results.

Our Response

We have numerous processes and platforms, both on-site and digital, in place which tracks and addresses complaints. These spheres of engagements create space for collaboration, improving relations as well as forming amicable and meaningful solutions amongst impacted stakeholders.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M5 TRACEABILITY AND RESPONSIBLE SOURCING

Why Is This Topic Important To Us?

Defined guidelines and parameters are critical components to how our business operates. As the business landscape expands and evolves globally, we continually review and adapt to ever-changing compliance requirements and strictly follow through our policies and practices to ensure ascertain that our business can operate more coherently and successfully.

Our Response

We see a future where we can provide readily available full product and supply chain information to consumers as we continue to fortify our sustainable supply chain. We also regularly update and disclose our rules and procedures on our company website.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M6 FIRE MANAGEMENT

Why Is This Topic Important To Us?

With the climate crises growing increasingly dire, hotter temperatures, more intense and longer dry seasons, and stronger winds, these conditions increase fire and vulnerability risk which directly impacts our plantation and manufacturing assets, the surrounding communities in the regions where we operate in and threatens wildlife and biodiversity.

Our Response

As a founding member of the Roundtable on Sustainable Palm Oil, we strictly forbid any burning activities within our own concessions. We also adhere to our Zero-Burning Policy, supported by our three-stage Fire Management Guidelines, which are strengthened and revised periodically. We also have ongoing collaboration with other stakeholders including neighbouring communities, government bodies, civil societies and industry associations as part of our fire prevention efforts.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M7 CIRCULAR ECONOMY AND WASTE MANAGEMENT

Why Is This Topic Important To Us?

The world's population is growing and with it the demand for raw materials. However, the supply of crucial raw materials is limited. Hence, we look to our 7Rs of Circularity as a way to reimagine the way we use resources, with the aim of creating a closed-loop system where waste is minimised and resources are kept in use for as long as possible.

Our Response

Our latest sustainability foray is IOI Palm Wood, which is Malaysia's first manufacturing plant to convert unused oil palm trunks, commercially and sustainably, into eco-friendly, sustainable and high-performance *OnCore*® palm wood panels for the furniture and building industries. This wood product could serve as a substitute for timber products.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M8 ENERGY MANAGEMENT AND OPERATIONAL ECO-EFFICIENCY

Why Is This Topic Important To Us?

We aspire to do more with less by empowering resource management with cutting-edge technology as well as renewable energy sources which allow us to optimise the use of resources, reduce the dependence on conventional energy sources and lower our carbon footprint on the environment.

Our Response

We employ the 7Rs of Circularity as part of our acceleration of climate resilience adaption within our end-to-end supply chain where we utilise our in-house biogas technology alongside biomass and solar energy technology as well as adoption of artificial intelligence in improving operational efficiency and managing energy consumption.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M9 REGULATORY AND THIRD-PARTY COMPLIANCE

Why Is This Topic Important To Us?

We strive to secure our operations against corporate scandals, data breaches, corruption, and fraud. We also subject our business to stringent regulatory scrutiny as we promulgate and commit to local and international regulations as well as proactively address risks and issues that may harm our reputation.

Our Response

We show respect, trust, and transparency through collaboration and cooperation through projects and initiatives, such as joint research, innovation, or advocacy. This also allows us to adapt to changes within the industry, where we adjust our strategy, operations, or products accordingly.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

M10 BIODIVERSITY AND CONSERVATION

Why Is This Topic Important To Us?

We acknowledge the nature of our business and understand the importance of environmental and social values that must be conserved. With our firm belief of 'resilient and progressive', we forge forward with practical solutions that can feed the world while enriching biodiversity within our conservation areas, contributing positively towards reversing climate change.

Our Response

We have identified areas of improvement for conservation and livelihoods, and we are cognisant of the need for long-term responsible and adaptive management and monitoring, evidently disclosed per our No Deforestation, No New Planting on Peat, No Social Exploitation requirements which is applicable to all our operations and supply chains, as stated in our SPOP since 2016.

Our Six Capitals | *Our Key Stakeholder Groups* | *Our Strategic Priorities* | *Financial Impacts*

EXTERNAL ENVIRONMENT

IOI has identified the following key trends that are expected to impact our businesses, stakeholders and markets over the short, medium and long term. Our strategies position our businesses to seize the opportunities presented by these trends.

VOLATILITY IN DEMAND & COMMODITY PRICE

Palm oil companies are facing fluctuations in palm oil demand and pricing due to weather conditions as well as geopolitical and macroeconomic factors.

Impact	How IOI Is Responding	IOI Outlook
Palm oil price volatility is expected to continue in a more moderate range. The development of El Niño and its severity will affect global vegetable oils production, including palm oil. The tightening of monetary policy by global central banks may result in credit crunch and dampen demands in general. New changes on mandates and incentives by regulators on usage of bioenergy will affect global vegetable oils demand.	We employ a fully integrated business model with upstream and downstream businesses, and an efficient cost structure to mitigate the impact of commodity price fluctuations. We have strategic presence in Malaysia and overseas that allow us to cater to different market segments. Our sales are diversified to more than 70 countries to mitigate exposure to localised risks in any particular markets. We make continuous improvement to our market information systems, enhance monitoring and risk management through hedging activities and develop better strategies to improve resilience to unexpected price swings.	Palm oil price is expected to remain volatile as a result of weather patterns, geopolitical and macroeconomic developments and also impact from competing vegetable oils.

Connection

Our Strategic Priorities | *Our Six Capitals* | *Our Material Matters* M2 M7 M9

HIGH GLOBAL ENERGY PRICE & INFLATION

Palm oil companies are experiencing global elevated inflationary pressure which has resulted in higher input cost due to the ongoing Russia-Ukraine war.

Impact	How IOI Is Responding	IOI Outlook
High fuel and fertiliser prices have resulted in substantial increase in plantations' production cost. Soaring natural gas prices, particularly in Europe, has resulted in significant increase in processing cost for our downstream manufacturing plants.	We apply optimum amount of fertiliser and employ efficient application of empty fruit bunches ("EFB") to replace some of the inorganic fertilisers. We embark on energy efficiency projects and implement plans to replace natural gas supply with oil from our downstream plants.	High energy price is expected to persist as long as the Russia-Ukraine war is not resolved. Global inflation is expected to moderate gradually as most central banks around the world are tightening monetary policy by increasing interest rates.

Connection

Our Strategic Priorities | *Our Six Capitals* | *Our Material Matters* M7 M8

RESPONSIBLE & SUSTAINABLE AGRICULTURAL PRACTICES

Palm oil and agricultural companies are expected to uphold responsible and sustainable practices to positively impact the economy and address environmental challenges. *Refer to our Sustainability Report 2023 for a detailed review.*

Impact

Climate change and environmental degradation present significant risks to both global economy and business environment.

Corporations are expected to increase their positive impacts on the economy, social development and the environment.

The agricultural sector is expected to practise sustainable agriculture by incorporating circular economy solutions and regenerative agriculture practices to mitigate carbon emissions and reduce pollution, and safeguard biodiversity and our natural resources (e.g. forests, water, etc.).

How IOI Is Responding

We implement sustainable agricultural and good management practices in our plantation and resource-based manufacturing businesses.

We adhere to internationally-recognised sustainability certifications, including the voluntary Roundtable on Sustainable Palm Oil ("RSPO"), the International Sustainability and Carbon Certification ("ISCC") and the mandatory Malaysian Sustainable Palm Oil ("MSPO").

We are committed towards No Deforestation, No New Planting on Peat and No Social Exploitation ("NDPE") and the protection of High Conservation Value ("HCV") and High Carbon Stock ("HCS") areas within our plantations.

We drive sustainable practices, conduct compliance tracing and supply chain monitoring, and engage with suppliers through digital tools and innovative technologies.

IOI Outlook

Responsible production and sustainable agricultural practices are integral to conducting business in the palm oil sector.

Plantation owners and growers need to collaborate closely with all stakeholders to address their concerns and meet their expectations and requirements.

Connection

Our Strategic Priorities

Our Six Capitals

Our Material Matters M2 M3 M5 M7 M10

DEMAND FOR SUSTAINABLE PRODUCTS & CERTIFICATIONS

Palm oil companies are expected to meet the growing demand from downstream customers and consumers for traceable and RSPO-certified palm oil products.

Impact

The successful development of RSPO Supply Chain Certification Systems will require uptake from product manufacturers and will be driven by customer demand.

The adoption of strict Environmental, Social and Governance ("ESG") standards by many multinational companies will require due diligence from product manufacturers.

The complexity of downstream processes and the need for segregation may increase cost and logistics requirements.

How IOI Is Responding

We are capable of producing both RSPO Mass Balance ("MB") and Segregated ("SG") grades products in our refineries. All of our oleochemical products are available in the RSPO MB grade. In Germany, IOI Oleo GmbH has dedicated an entire product range to be made available only in RSPO-certified standards to boost sales.

We have served as Chair of the ASEAN Oleochemical Manufacturers Group's RSPO Work Group since its inception.

We leveraged on our integrated supply chain and in-depth knowledge of RSPO Supply Chain Certification Systems to promote and assist customers to use our RSPO-certified products. We also collaborated with key fast-moving consumer goods ("FMCG") customers who have interest in RSPO SG grade and traceable raw material supply.

We developed innovations such as production flexibility and formulations to support the manufacturing of RSPO SG grade products in a more practical and efficient manner.

IOI Outlook

The demand for RSPO MB and SG grades products will continue to grow in both food and non-food sectors. Demand will shift from RSPO certifications with lower premiums, such as RSPO MB grade, to higher prospects such as RSPO SG or Identity Preserved grades.

Our RSPO SG grade products' production facilities will support IOI to meet growing customer demand, achieve economies of scale and improve our market position. However, certain customers may also opt for cheaper alternatives to RSPO-certified products by imposing their own standards.

Connection

Our Strategic Priorities

Our Six Capitals

Our Material Matters M5

PRODUCT REGULATORY REQUIREMENTS

Palm oil companies and manufacturers are facing increased regulatory changes, new compliance requirements and obligation to register products in key export markets.

Impact

The development of regulatory requirements for Registration, Evaluation, Authorisation & Restriction of Chemicals ("REACH") in key markets create new compliance requirements.

Additional and non-REACH requirements will continue to evolve, notably in the premium nutrition, infant nutrition, health supplements, and pet foods sectors. Complying with these regulatory standards will require significant resources, cost and regulatory expertise.

How IOI Is Responding

We continuously monitor the regulatory landscape through our Market Intelligence Team for early identification of registration requirements.

We have a technical Task Force to oversee the development of products that will comply with key markets' regulation and registration requirements, e.g. premium infant nutrition products.

We invest in state-of-the-art analytical instruments to cater for current requirements and address anticipated future specifications.

We have begun pre-registration and registration processes for relevant products to comply with key regional requirements namely Korean REACH, UK REACH and Turkish KKDIK and the Bureau of India Standards ("BIS") Regulation.

We stay abreast with the developments of the European Union Deforestation-free Regulation ("EUDR") and aim to meet the requirements to ensure uninterrupted supply to our customers.

IOI Outlook

The manufacturing segment is expected to benefit from the good demand for personal hygiene products. The heightened awareness for better nutrition and the shift to packaged food owing to convenience will increase demand for infant nutrition products, in which several of IOI's low 3-MCPD and GE products are included.

There is a growing concern from our customers on climate change-related matters especially on product carbon footprint. In line with our net zero carbon emissions commitment, we have participated in various customer reporting platforms and will continue to improve our product carbon footprint reporting abide by the ISO 14067 standards.

We will also continue to improve our traceability data information to meet EUDR requirements before 2025.

Connection

Our Strategic Priorities

Our Six Capitals

Our Material Matters M2 M5 M9

GROWING CUSTOMER INTEREST IN ETHICAL LABOUR PRACTICES

Palm oil companies are expected to implement fair labour practices and audits in their operations to meet customers' expectations.

Impact

Downstream multinational customers encourage audits, such as Sedex Members Ethical Trade Audit ("SMETA") and EcoVadis Site Verification, to ensure that suppliers implement ethical labour practices concerning freedom of association, working time, workplace conditions, fair wages and vulnerability of migrant workers to improve labour welfare and human rights.

Product manufacturers are expected to comply with customers' audit requirements to retain a position on customers' supplier list.

How IOI Is Responding

We subscribe to relevant audit programmes to monitor our transformative steps and disclose our business practices, which are globally recognised by our partners and customers.

We communicate and provide insights into our strengths through scorecards, which can be easily shared with customers.

We develope action plans to close existing gaps in our practices to meet audit requirements and to ensure fair and decent working conditions for our workers.

We conducte corporate social responsibility activities, including health and educational programmes for community well-being to complement our business practices.

IOI Outlook

Audits support greater transparency. We systematically share reports with participating customers and encourage suppliers to take corrective actions to address labour rights risk, ensuring no social exploitation across our supply chain.

Our audit process and findings will continue to support us in improving the working conditions for our workers in line with our commitment to contribute to the United Nations Sustainable Development Goals.

Connection

Our Strategic Priorities

Our Six Capitals

Our Material Matters M1 M3 M4

RISK MANAGEMENT

IOI identifies the principal and emerging risks potentially affecting the Company's ability to create value through our strategic objectives. Here we present a summary of the key business risks.

Further information on IOI's risk management can be found in the Statement of Risk Management and Internal Control on pages 110-114.

BUSINESS RESILIENCE

Description	How IOI Manages This Risk
We recognise the disruption to our global operation.	Continuous monitoring on the geopolitical trends and implications to adjust our mitigation strategies.
Challenges to remain resilient in the wake of new global phenomenon e.g. geopolitical tensions, palm oil alternative, anti-palm oil movement, etc.	Work closely with Roundtable on Sustainable Palm Oil ("RSPO") to make sustainable palm oil the norm, and create positive impact on the environment and communities.
	Build strong connection with our customers and suppliers to advance the sustainability practice of our supply chain and to manage their expectations.
	Expand grievance reporting mechanism to provide alternative channels for our stakeholders for preventive identification of potential concerns on our operational impacts.

Connection

Our Six Capitals	*Our Key Stakeholder Groups*	*Our Material Matters*
		M1 M2 M3 M4 M5 M6 M7 M8 M9

GLOBAL ECONOMIC DOWNTURN

Description	How IOI Manages This Risk
Global economic slowdown coupled with high inflation will dampen demand for palm oil and palm derivatives which in turn may affect the Company's profitability.	Identify new markets with growth opportunities.
	Renewed pragmatism towards customer retention and expand customer base within new markets identified.
	Closely monitor and control costs of raw materials and explore alternatives to remain cost competitive.

Connection

Our Six Capitals	*Our Key Stakeholder Groups*	*Our Material Matters*
		M7 M8

NEW TRADE REGULATIONS

Description	How IOI Manages This Risk
The new trade regulations by European Union, USA and United Kingdom to regulate commodity-linked deforestation will largely affect palm oil imports originated from Indonesia and Malaysia.	We are committed towards No Deforestation, No New Planting on Peat and No Social Exploitation ("NDPE") within our operating units.
	Our three-step palm oil verification approach requires all mills and refineries in the supply chain to disclose information such as Global Positioning System ("GPS") coordinates and ownership groups.
	Continuous engagement with relevant parties to share insights and explore the implications and opportunities arising from these regulations in ensuring sustainable future of palm oil.

Connection

Our Six Capitals	*Our Key Stakeholder Groups*	*Our Material Matters*
		M3 M5 M7 M9 M10

SUPPLY CHAIN COMPLIANCE

Description	How IOI Manages This Risk
We need to comply with the requirements of palm oil buyers.	Continue engagement with our suppliers to improve their sustainability practices and to address environmental challenges within our supply chain.
Risk of non-compliance with international supply chain standards such as RSPO or International Sustainability and Carbon Certification ("ISCC").	Embarked on a systematic framework with an online platform, Supplier Transformation System which consists of assessment, action planning, resources with practical diagnosis and reporting framework for our supply chain to meet our sustainability commitments.
Risk of IOI supply chain not complying with the NDPE policy.	Sustainability updates are consistently published on our company website and Palm Oil Dashboard.

Connection

Our Six Capitals	*Our Key Stakeholder Groups*	*Our Material Matters*
		M1 M3 M5 M8 M9

RELIANCE ON MANUAL WORKERS

Description	How IOI Manages This Risk
The agricultural sector, including palm oil, is heavily reliant on manual workers, which makes the industry vulnerable to shortage of workers.	Implement digitalisation, automation and mechanisation at our estates to reduce reliance on manual workers as well as to support increased yield and productivity.
The risk of workers shortage causes lost revenues and limits our future growth.	Commit to capacity building and uphold high welfare standards for manual workers at our operations and supply chain.
Increased public scrutiny in disclosing our responsibility on human rights.	

Connection

Our Six Capitals	*Our Key Stakeholder Groups*	*Our Material Matters*
		M1 M3 M4 M9

ENVIRONMENTAL SUSTAINABILITY

Description	How IOI Manages This Risk
Challenges in reducing climate change impact in our plantations and reduce greenhouse gas ("GHG") emissions.	Reduce GHG emissions from our operations through the Group-wide Climate Change Action initiative ("CCAi") and set a Group-wide target to achieve net zero GHG emissions for Scope 1, 2 and 3 by 2040.
Extreme weather that could negatively impact our oil yield and production.	Commit to the Science Based Target initiative ("SBTi") Forest, Land and Agriculture ("FLAG") and carry out calculation and reporting of GHG emissions for our business operations.
Challenges in maintaining and upholding sustainability certifications.	Employ water conservation practices, develop climate resilient planting materials and appropriate innovations to curb the increasing risks of climate change.

Connection

Our Six Capitals	*Our Key Stakeholder Groups*	*Our Material Matters*
		M2 M6 M7 M8 M10

STAKEHOLDERS' ENGAGEMENT

Our dynamic interactions and solutions-oriented approach related to ongoing and evolving involvement of stakeholders simultaneously build high-quality collaborative relationships, allowing us to continuously enhance our standards and best practices towards long-term value creation and systemic change in sustainable development.

Refer to our Sustainability Report 2023 for a detailed review.

EMPLOYEES

Why We Engage

Our employees are IOI's valuable assets and key business success.

Key Concerns

- Open communication and fair remuneration;
- Well-being and training benefits; and
- Transparent and progressive company culture.

Our Responses

We aim to attract and retain top talents, and be on top of our peoples' wellness and morale while creating a productive workspace that enables a sense of belonging.

Value Created

For Stakeholders

We offer competitive remuneration and equal opportunities in learning and development through both online and offline training programmes.

For IOI

We are able to mine the minds and hearts of our people which helps us build crucial milestones for them, and in turn, form a part of what we are as a culture.

CUSTOMERS

Why We Engage

Our business growth depends on our customers who support our products.

Key Concerns

- Environmental, Social and Governance ("ESG") standards;
- Adherence to fair dealing principles (pricing, quality, consistency, reliability, credit); and
- Technical support.

Our Responses

Ongoing routine dialogue sessions, and open feedback channels allow us to cater to our customers better, which leads to the creation of innovative products such as additive-free soap, chemical-free processing of glycerine, oleic acid and low 3-MCPD products.

Value Created

For Stakeholders

We advocate for an ESG-compliant end-to-end supply chain, as we strive to cater and close gaps in accordance to conscientious consumers' expectations.

For IOI

We want to play an even bigger role in proactively shaping and accelerating our ESG best practices, and not just react and adjust.

COMMUNITIES

Why We Engage

Our business provides measurable support to the communities where we operate.

Key Concerns

- Respectful, sustainable and equitable practices;
- Proper implementation of any project or programme development; and
- Provision of relief and assistance.

Our Responses

We improve rural livelihoods through job opportunities, proactive community investments (road repairs, landfilling, etc.), as well as providing financial and medical assistance (education, human capital development, etc.).

Value Created

For Stakeholders

We seek out overlooked voices by fostering community-led communications which give us a balanced understanding of the community's view, enhancing the value of final decisions.

For IOI

We recognise diverse perspectives and empower collaborative decision-making, driving projects to have equitable and sustainable outcomes while positively impacting society.

SUPPLIERS

Why We Engage

Our suppliers provide critical inputs for our business to function.

Key Concerns

- Climate-related procurement standards and principles; and
- Realistic, measurable, and actionable ESG criteria.

Our Responses

Digital engagement tools, alongside conducive group sessions and workshops help establish effective solutions to address gaps and identify target areas for improvement.

Value Created

For Stakeholders

We unlock real value by looking beyond boundaries of our supply chain and into the total extended supply chain encompassing our business, suppliers, distribution networks and even their key suppliers.

For IOI

We leverage on mutually-beneficial partnerships that are built on trust, responsiveness and accountability, creating value in the form of incremental resources, funding and insight.

REGULATORS

Why We Engage

A firm framework is paramount to our business.

Key Concerns

- External environment, such as the political, economic, social, technological, legal, and environmental factors that affect our business, as well as emerging trends, issues, and opportunities within the industry, and how these changes impact our regulators and other stakeholders.

Our Responses

To be an exemplar of openness and transparency, we actively participate in focus group meetings, dialogue sessions, and task forces which are pertinent to outline the direction and deliverables on key regulatory decisions.

Value Created

For Stakeholders

We formulate effective regulatory interactions through clearly-defined processes and tools, positioning our business for optimal success and credibility with regulators.

For IOI

We drive cross-functional momentum on key regulatory issues and its necessary responses systematically, raising our corporate profile and external-affairs abilities.

SHAREHOLDERS & INVESTORS

Why We Engage

Steady financial capital input indicates confidence in the IOI brand.

Key Concerns

- Financial performance such as return on investment and earnings outlook of the company, future expansion plans, corporate strategies and sustainability material matters.

Our Responses

As we continuously build and improve our ESG policies, one of our latest milestones is having commenced a green trade finance facility and sustainability-linked revolving credit facility with United Overseas Bank (Malaysia) Berhad at the back of IOI's commitment and accolades in sustainability. This helps fund sourcing of certified palm oil in our downstream operations as well as new markets expansion activities.

Value Created

For Stakeholders

We uphold our purpose towards creating sustained values that are subject to unique shareholding and investing factors, demonstrating the true value of the IOI brand.

For IOI

We subscribe to a spirit of fair disclosure in our communication with shareholders and investors as we are well-aware that impact investment is on the rise with many looking for sound ESG policies in the companies they invest in.

INDUSTRY ASSOCIATIONS/CIVIL SOCIETIES

Why We Engage

Our registered affiliations guarantee the delivery of environmentally superior products in our business.

Key Concerns

- Responsible and traceable best practices; and
- Opportunities for engagement and collaboration on industry-wide challenges.

Our Responses

We regularly partner and form alliances through active collaboration with industry associations and civil societies on various engagement related to environmental protection and social initiatives, to drive change.

Value Created

For Stakeholders

We endeavour to create value through open engagement and active participation with all our stakeholders, towards improving the reputation of the oil palm industry and in creating a sustainable palm oil commodity.

For IOI

Our position among industry associations and civil societies catalyses common interests and involvement amid government agencies and non-governmental organisations, in order to create greater weight in forming effective policies and best practices application.

STRATEGIC FRAMEWORK

IOI is progressing on a clearly defined strategic road map to transform the Group into a high value-added, diversified palm-based products' producer, to increase resilience and competitiveness for the future. Our foundation is built on pillars of Sustainable Growth, Driving Innovations, Human Capital Development and Economies of Scale throughout our operations.

OUR PURPOSE

Committed to sustainable agriculture and innovative products.

VISION

Our Vision is to be a leading and sustainable Malaysian business corporation with global presence.

MISSION

Our Mission is to achieve responsible and sustainable commercial success by addressing the interests of all our stakeholders, caring for the community and the environment, and adopting best practices to be globally competitive.

OUR GROUP'S FIVE-YEAR PLAN 2020-2024

3 STRATEGIC ENABLERS	5 STRATEGIC PRIORITIES	KEY METRICS
ENABLER 1 Human Capital Development & Culture	**Increase Yield**	• Increase Plantation Oil Yields by 15% by 2024. • Utilise Elite Clonal Palms in 50% of Our Replanting Materials. • Target High Early Yields from Young Mature Palm Age. • Ensure Proper Fertiliser Application to Increase Target Yields.
	Optimise Workforce	• Reduce Workforce by More than 25% by 2024. • Increase Plantation Workers' Productivity by 3% Every Year. • Implement Mechanised Mainline Fresh Fruit Bunches Evacuation System in All Malaysian Estates by 2023.
ENABLER 2 Sustainability	**Diversify Crops**	• Plant 5,000 Hectares of Coconut and 200 Hectares of Durian, Equivalent to 4% of Our Malaysian Plantations. • Plant Three Types of Fast-Growing and High Value Fruit Crops as Intercrop with Coconut.
ENABLER 3 Technology & Digitalisation	**Increase the Non-CPO Segment**	• Derive Revenue from Oil Palm By-Products and Processing Waste. • Commence Production of High-Performance Palm Wood Boards and Panels by Q3 of 2023. • Establish Oil Palm Trunks ("OPT") Research and Development and Technology Transfer. • Scale-Up Business and Establish a Leading Market Position in OPT Products.
	Grow the Oleochemical Segment	• Increase Oleochemical Segment's Sales Volume by 15%. • Derive Energy, Cost and Operational Efficiency Savings of 6%. • Improve the Oleochemical Segment's Profitability by 25%.

Refer to Strategic Enablers on pages 43-45 and Strategic Priorities on pages 46-51.

STRATEGIC ENABLERS

ENABLER 1
Human Capital Development & Culture

CONNECTION

Our Key Stakeholder Groups

- Employees
- Shareholders & Investors

Our Six Capitals

- Human
- Financial
- Social & Relationship
- Intellectual

Our Risks

- R1 Business Resilience
- R5 Reliance on Manual Workers

IMPORTANCE FOR IOI

Human Capital Development and Culture is vital to the growth and productivity of the organisation. Our employees are an invaluable asset who facilitate business growth and drive organisational excellence. We are committed to developing a world-class company that is built upon the strengths of its people. In doing so, we continue to nurture, develop and engage our employees to gain and keep a competitive advantage for the organisation. It is crucial to equip our workforce with the required skills to deliver our five strategic priorities.

OUR APPROACH

1. Creating and sustaining a high-performing workforce.
2. Managing employer branding.
3. Enhancing human resource ("HR") digitalisation.

KEY INITIATIVES

1. Cultivate an operational excellence work culture and create a highly disciplined and competent workforce.
2. Enhance employees' experience through HR digitalisation.
3. Continuously nurture future IOI leaders.
4. Expand employees' capabilities through reskilling and upskilling their competencies.
5. Promote employees' empowerment and inclusion.
6. Enhance employee engagement and encourage workplace innovation.
7. Provide career advancement, offer competitive remuneration and enhance employee benefits.

KEY HIGHLIGHTS

1. Won the Best Malaysia Employers' Awards by World HRD Congress and the HR Excellence Awards by Human Resources Online.
2. Established a Talent Council policy, appointed Council Members and rolled out talent succession programme.
3. Organised IOI Well-being Series campaign.
4. Improved medical coverage for unionised employees.
5. Implemented employee engagement programme for plantation employees with the tagline **"WE CARE"**.
   WE Communicate; Aid & Assist; Rapport; Educate
6. Hosted festive engagement activities to promote team spirit.
7. Introduced Internal Transfer Policy for the Group and implemented two non-working Saturdays in a month for operating centre-based executives.
8. Conducted roadshows on combating forced labour and upholding human rights.
9. Extended the IOI Intranet platform to remote plantation operating centres.
10. Improved Learning Management System ("LMS") content and introduced departmental learning.
11. Rolled out Leadership Development Programmes for high-potential employees.
12. Revisited leadership purpose, values and team dynamics through a Senior Leaders' Retreat.

FOCUS FOR FY2024

1. Enhance succession planning practices through collaboration with departmental heads and training providers.
2. Conduct employee engagement survey to understand the pulse of employees.
3. Collaborate with various third-party providers to create awareness and improve employees' well-being.
4. Organise events to encourage employee engagement, team bonding and participation in charity works.

ENABLER 2
Sustainability

CONNECTION

Our Key Stakeholder Groups

- Employees
- Customers
- Communities
- Suppliers
- Shareholders & Investors
- Industry Associations/ Civil Societies

Our Six Capitals

- Human
- Natural
- Financial
- Manufactured
- Social & Relationship
- Intellectual

Our Risks

- R1 Business Resilience
- R3 New Trade Regulations
- R4 Supply Chain Compliance
- R5 Reliance on Manual Workers
- R6 Environmental Sustainability

Refer to our Sustainability Report 2023 for a detailed review.

IMPORTANCE FOR IOI

Our sustainability culture is firmly embedded within our organisation. We balance company growth and development with environmental protection and conservation as well safeguarding the well-being of both our employees and the communities that may be affected by our operations. This course of action is in alignment with our three pillars of sustainability (People, Planet, Prosperity) + Partnership, specifically strategic partnerships with relevant stakeholders. For long-term sustainable value creation and achieving sustainability excellence, we integrate the 7Rs of Circularity within all our operations and businesses.

OUR APPROACH

1. Aligning sustainability to key policies and IOI's five strategic priorities.
2. Establishing forward-looking sustainability goals and commitments.
3. Strengthening sustainability governance through stakeholder consultation, accountability and transparent reporting.
4. Establishing proper systems and processes to monitor progress, communicate actions and meet stakeholders' expectations.
5. Embracing six of the 17 United Nations Sustainable Development Goals ("UN SDGs") which are most relevant to our businesses and operations.
6. Integrating the 7Rs of Circularity in our sustainability initiatives.
7. Integrating regenerative and precision agriculture within our plantations.
8. Benchmarking against industry leaders, fostering best practices and culture, and embracing green technology.

KEY INITIATIVES

1. Commit to implementing No Deforestation, No New Planting on Peat and No Social Exploitation ("NDPE"), Zero Burning Policy in our plantations.
2. Practise the highest level of transparency and inclusivity in stakeholder engagement.
3. Continuously monitor all stages of the palm oil supply chain, including obtaining relevant certifications and complying with the required standards.
4. Protect High Conservation Value ("HCV") and High Carbon Stock ("HCS") areas within our operations.
5. Progressively reduce greenhouse gas ("GHG") emissions from the operations and move towards our net zero target through the Group-wide Climate Change Action initiative ("CCAi").
6. Adopt and practise the 7Rs of Circularity especially in water and waste management within our operations and workplace.
7. Adopt and practise precision agriculture and regenerative agriculture methods in our estates.
8. Benchmark industry best practices through participation in voluntary Carbon Disclosure Project ("CDP"), Sustainability Policy Transparency Toolkit ("SPOTT"), Dow Jones Sustainability Indices ("DJSI"), etc.
9. Implement policies and guidelines that have been put in place to ensure no child or forced labour and protect human rights.
10. Progress work productivity with technology, women empowerment and quality education for children.

KEY HIGHLIGHTS

1. Made marked improvements in several Environmental, Social and Governance ("ESG") ratings and assessments* and won gold at The Edge Malaysia ESG Awards 2022. **Refer to our Highlights of the Year on page 12 for the full list.*
2. Launched IOI Urban Garden initiative, led Group-wide International Women's Day celebration and conducted a panel discussion on IOI's Pathway to Net Zero.
3. Committed to Science Based Target initiative ("SBTi") Forest, Land and Agriculture ("FLAG") standards.
4. Continued reporting based on the Task Force on Climate-Related Financial Disclosures ("TCFD") and, this year, began reporting the financial investments related to GHG reduction.
5. Performed due diligence audits for recruitment agencies at the source country and provided IOI Mesra mobile application as another source of grievance channel for our workers.
6. Signed a Transformation Concept commitment for achieving carbon dioxide ("CO_2") neutrality in IOI Oleo GmbH and verified CO_2 calculator according to international standard.
7. Began implementing ISO 14064 GHG verification system in stages and monitoring key sustainability projects at our oleochemical manufacturing operations towards realising net zero GHG emissions for Scope 1, 2 and 3 by 2040.

FOCUS FOR FY2024

1. Digitalise sustainability data to enhance data accuracy, analytics and auditability.
2. Work alongside Roundtable on Sustainable Palm Oil ("RSPO") on the revision of the PalmGHG calculator.
3. Continue to report GHG emissions following the recommendation of TCFD and International Sustainability Standards Board ("ISSB") as well as meet the requirements and reduction targets of SBTi FLAG.
4. Enhance biodiversity and ecosystem services through rehabilitation and regenerative agriculture.
5. Explore new technology and innovation for better energy efficiency in our operations.
6. Expand Workers Monitoring Programme by &Wider to Sabah.
7. Implement key sustainability projects in our oleochemical operations that include new expansion of photovoltaic solar power systems in Penang and Johor, installation of a second cogeneration power plant in Penang, energy optimisation (heat recovery) projects and sludge dryer system.
8. Finalise the roll-out of Transformation Concept project for IOI Oleo GmbH in Germany.

STRATEGIC ENABLERS

ENABLER 3
Technology & Digitalisation

CONNECTION

Our Key Stakeholder Groups

- Employees
- Customers
- Suppliers
- Shareholders & Investors

Our Six Capitals

- Human
- Financial
- Manufactured
- Social & Relationship
- Intellectual

Our Risks

- R1 Business Resilience
- R5 Reliance on Manual Workers

Refer to Group Business Review on pages 64-75 for a detailed review of our digitalisation initiatives.

IMPORTANCE FOR IOI

In the age of the Fourth Industrial Revolution ("IR4"), we are adopting more technological innovations to enhance our upstream and downstream operations. Our five strategic priorities are underpinned by technologies, from mechanisation equipment to digital tools and solutions. Digitalisation, automation, mechanisation and novel technologies enable us to execute our strategies more effectively and modernise our business to remain competitive and propel the organisation to the digital era.

OUR APPROACH

1. Ensuring the standardisation of business processes within our core business segments, drawing on various analytical and transactional capabilities of the SAP system to improve efficiencies.
2. Providing savings in plantation operations' support services based on SAP system and other integrated digital solutions. Implement electronic salary payment and enhance mobile network connectivity in the estates.
3. Adopting agricultural and manufacturing innovations and technologies.
4. Enhancing our estates' operational efficiency with efficient cost and reducing dependency on manual workers through mechanisation.
5. Embedding digitalisation and automation in our oleochemical manufacturing processes in line with the IR4 aspiration.

KEY INITIATIVES

1. **Upstream Digitalisation**:
   a. Ensure proper management and full utilisation of the SAP system. Explore robotic process automation ("RPA") and other digital solutions including business intelligence and data analytics.
   b. Enhance estates' operational efficiency and cost savings through the electronic plantation monitoring system ("ePMS") and e-wallet salary crediting system. Embark on more automation projects in upstream and downstream manufacturing.
2. **Mechanisation**:
   a. Reduce worker dependency and increase workforce productivity in estates through mechanisation.
3. **Downstream Digitalisation**:
   a. Assess our prowess in IR4 adoption by conducting the IR4 readiness assessment.
   b. Strategise digitalisation and automation projects in line with IR4.
   c. Identify roll-out plans for IR4.

KEY HIGHLIGHTS

1. **Upstream Digitalisation**:
   a. Expanded SAP software functionality for mobility usage, reporting, cash requisition and integration with digitalisation for mill operations.
   b. Implemented SAP Business Planning and Consolidation for budget planning.
   c. Expanded more digitalisation with ePMS in alignment with mechanisation and operation direction.
   d. Explored the usage of cognitive technology and artificial intelligence ("AI") to improve efficiency and accuracy in operation.
   e. Implemented Internet of Things ("IoT") sensors in refinery/kernel crushing operations.
   f. Implementing the e-wallet salary crediting system in all our Malaysian plantation operating units.
2. **Mechanised Mainline Fresh Fruit Bunches ("FFB") Evacuation System**:
   a. Implemented at 96% of suitable estates across Malaysia as of FY2023.
   b. Implemented infield collection system at 54% of potential hectarage in Malaysian estates and introduced to Indonesian estates.
   c. Introduced and implemented mechanical weed sprayer terrace for semi-mechanised upkeep at Paya Lang and Merchong Estates.
3. **Downstream Digitalisation**:
   a. Established unmanned weighbridge operation in new warehouse to improve efficiency and reduce manpower.
   b. Upgraded the automation system for a Medium-Chain Triglycerides ("MCT") production plant to a new Yokogawa system in IOI Oleo GmbH.
   c. Installed a new Near-Infra Red ("NIR") online system in IOI Oleo GmbH.

FOCUS FOR FY2024

1. **Upstream Digitalisation**:
   a. Expand more functionality in RPA, SAP Fiori and SAP BW for smarter digitisation; expand IoT innovation in refinery and explore possible integration with SAP.
   b. Implement ESG Digital Platform Reporting.
   c. Continue to implement Enterprise Resource Planning ("ERP") system for Indonesia's plantation operating units.
2. **Mechanisation**:
   a. Expand the mechanised mainline FFB evacuation system and infield collection system to all potential areas in Sabah and Indonesia.
   b. Progressively expand smaller upkeep machines for terrace area in Malaysian estates and upgrade the existing machines for greater efficiency.
3. **Downstream Digitalisation**:
   a. Upgrade the existing SAP system for oleochemical manufacturing plants in Malaysia.
   b. Adopt advance warehouse automation and roll out a new sales planning tool.
   c. Finalise the MCT production efficiency and capacity increment project for IOI Oleo GmbH by the end of 2024.

GROUP OVERVIEW
KEY MESSAGES
STRATEGIC VALUE CREATION
STRATEGIC PROGRESS
PERFORMANCE REVIEW
GOVERNANCE
FINANCIAL REPORT
ADDITIONAL INFORMATION

STRATEGIC PRIORITIES

To maintain our focus on sustainable value creation, we have identified five strategic priorities for 2020-2024.

This focused approach ensures that we are on track to deliver sustainable growth and provide our stakeholders with valuable returns over the short, medium and long-term time frame. We have a resource allocation plan in place to execute these strategic priorities based on the capital inputs identified in our business model on pages 26-27.

As we work towards achieving our 2020-2024 targets, we closely monitor the performance of each strategic focus area including its key activities which are benchmarked against Key Performance Indicators ("KPIs"), and activities planned for the future.

STRATEGIC PRIORITY 1

Increase Yield

Oil palm planting remains the most essential upstream activity in our integrated palm oil business model, which directly impacts the performance of our downstream manufacturing business.

We strive to achieve consistently high yield through improved planting materials, new replanting methods and increased efficiency in crop evacuation to optimise business returns, and maintain IOI's competitiveness locally and globally.

Refer to Group Business Review on Plantation on pages 64-69 for a detailed review.

OUR KEY INITIATIVES

We aim to produce palm oil sustainably to meet our market demand.

1. **Improved Planting Materials**: Produce more high-yielding and superior clonal planting materials for high yields and high returns.
2. **Mechanisation**: Expand mechanisation projects and adopt best options throughout our operations to increase operational efficiency.
3. **Agricultural and Field Management Practices**: Employ best agricultural practices, improve field conditions and optimise land usage in our oil palm plantations.
4. **Digital Tools**: Employ digital tracking system throughout our plantation operations.
5. **Fertilisation**: Adopt a balanced nutrients approach and application to achieve the desired target yields.

ACHIEVEMENTS IN 2023

- We have planted elite high-yielding clonal palms from IOI Palm Biotech Sdn Bhd and superior third-generation hybrid palm seedlings from IOI Research Centre in suitable areas and terrains.
- Our Baturong Palm Oil Mill in Sabah recorded the highest average oil extraction rate ("OER") of 24.03% among all plantation companies in Malaysia as of FY2023.
- We have expanded our estate mechanisation projects and implemented block harvesting at about 96% of suitable estates whereby 80% of potential hectarage have been converted to mechanised mainline FFB evacuation system.
- We have implemented mini tractor grabber FFB infield collection system in eight suitable estates.
- We adhered to procedures and guidelines in our replanting efforts, managed pest and diseases through extensive research and development ("R&D") and implemented precision farming with timely fertiliser and weedicide applications.
- We improved land preparation and carried out soil ripping and pulverising of oil trunk chips for all oil palm and coconut replanting to minimise future infestation of *Ganoderma* and rhinoceros beetle.
- We pronouced early declaration to maturity in performing fields, performed scout harvesting monitoring from 24 months, carried out ablation and improved estates' road conditions.
- We utilised geographical information system ("GIS") technology, electronic plantation monitoring system ("ePMS") and drones to assess field performance, track yield and monitor our plantation.

PRIORITIES FOR 2024

Improved Planting Materials

1. Utilise high-yielding clonal palms from IOI Palm Biotech for 50% of planting materials in field planting at suitable areas and terrains.
2. Release more third-generation hybrid palm seedlings from our conventional breeding programme of Deli dura and AVROS pisifera on the basis of better fresh fruit bunches ("FFB") production with more uniformity in growth and characteristics, and better oil extraction rate.
3. Conduct molecular and genome research to develop genomics-based solutions for marker-assisted breeding and selection for long-term improvement of oil palm planting materials. Current projects include Low Height Increment Molecular Marker Development, Lipase Marker Testing and International Collaboration Oil Palm Genome Research Project known as Oil Palm Gene Express.
4. Identify more areas and terrains for planting high-yielding elite clonal palms.
5. Introduce new progenies of planting materials that will tolerate *Ganoderma* infection and explore *Virescens* oil palm to reduce the tendency of harvesting unripe bunches.

Mechanisation

1. Expand the mechanised mainline FFB evacuation system and infield collection system to all potential areas in Sabah and Indonesia.
2. Develop new functions and designs of existing equipment to upgrade the machines for workers' operational comfort and improve productivity.

Agricultural and Field Management Practices

1. Expand best practices for replanting by adhering to standard operating procedures and good agricultural practice guidelines.
2. Perform pulverising for all replanting cycles to eradicate rhinoceros beetle, followed by soil ripping to minimise future *Ganoderma* infection.
3. R&D department will enhance advisory service in estates to manage pest and diseases and improve weed management systems.
4. Early declaration to maturity for performing fields and carry out scout harvesting 24 to 36 months from field planting for all immature areas.

Digital Tools

1. Utilise digital tools including GIS technology, ePMS and drones to assess field performance, yield-tracking and identification of progeny, and monitor our plantation.

Fertilisation

1. Implement precision applications through mechanisation and digital tracing for timely and balanced fertiliser applications.

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STRATEGIC PRIORITY 2

Optimise Workforce

The plantation industry is heavily dependent on manual workers. We seek to implement initiatives to modernise our upstream business.

With this, we can address the issue of worker shortage and reduce our dependency on manual and migrant workers in the long run.

Refer to Group Business Review on Plantation on pages 64-69 for a detailed review.

OUR KEY INITIATIVES

We will optimise our plantation workforce by increasing land to worker ratio through implementation of various estate mechanisation and digitalisation programmes.

1. **Training**: Plan and improve training provision for estate personnel to improve productivity.
2. **Harvesting Methods**: Streamline estates' harvesting method and restructure harvesting work process.
3. **Upgrade Mechanised Mainline FFB Evacuation System**: Implement and expand the mechanised mainline FFB evacuation system.
4. **Mechanisation**: Mechanise infield FFB collection and expand the usage of mechanical cart and power barrow/crawler for harvesting. Utilise other motorised tools to increase operational efficiency.

ACHIEVEMENTS IN 2023

- We continued to provide training and briefing to our estates' personnel, and increased the number of skilled workers.
- We implemented the mechanised mainline FFB evacuation system at our estates in Malaysia and Indonesia.
- Our mechanised tools such as motorised palm cutter and power barrow have improved harvesting productivity, enabling workers to earn better wages and attracting more locals to work in the plantation.
- Our mechanical sprayer and fertiliser spreader have reduced manual worker dependency for upkeep work, while mechanical front loader has increased productivity of EFB/POME application.
- We conducted a Mechanisation Roadshow for estate personnel in Peninsular Malaysia.

Special Incentive for Harvesters

- We have allocated special incentives for harvesters based on their recorded working days.

PRIORITIES FOR 2024

Training

1. Provide training and briefing to estates' personnel.

Harvesting Methods

1. Create more skilled workers with modified division of labour and usage of suitable machines.

Upgrade Mechanised Mainline FFB Evacuation System

1. Expand the mechanised mainline FFB evacuation system, utilising tractors with grabbers to load and unload FFB into bins.
2. Integrate the mechanised mainline FFB evacuation system with the mechanical assisted infield collection to assist estates for efficient crop evacuation.

Mechanisation

1. Expand the mechanised infield FFB evacuation by using mechanical cart/mini tractor grabber/crawler to collect infield FFB and deliver to the platform/bin.
2. Expand the use of motorised tools such as power barrow/crawler and motorised palm cutter to increase productivity and attract more locals to work in the plantation.
3. Explore new technologies such as mechanical fertiliser spreaders and herbicide applications with global positioning system ("GPS") technology and autonomous system.
4. Explore the use of drones for pesticides application, especially in the nursery and immature planting areas. We aim to reduce workers' dependency for upkeep work.

New IOI/National Union of Plantation Workers ("NUPW") Collective Agreement ("CA")

1. Negotiate better terms and conditions for the workers in the new CA for 2023 onwards.

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STRATEGIC PRIORITY 3

Diversify Crops

Crop diversification brings a range of benefits. As part of our diversification strategy, we are exploring the potential of other higher value crops to be planted.

Diversifying our cropping operation will provide good returns and help limit our exposure to palm oil price volatility.

OUR KEY INITIATIVES

We aim to diversify our planting of crops from 99% reliance on oil palm to other higher value crops. Our broad initiatives are:

1. **Planting Materials**: Identify and acquire planting materials for coconut, banana and pineapple cultivation.
2. **Coconut Breeding**: Identify and acquire coconut germplasm material (dwarf, tall and hybrid) for coconut breeding.
3. **Crop Cultivation**: Implement best cultivation practices for coconut and other crops (durian, pineapple, avocado and banana). Introduce intercropping to multiply our productivity on a hectarage basis, as compared to monoculture of oil palm.
4. **Land Utilisation**: Optimise land utilisation for other crops.

ACHIEVEMENTS IN 2023

- We planted a total of 1,471 hectares ("ha") of coconuts, 303 ha of bananas, 47 ha of pineapples and 28 ha of durians as of FY2023.
- We have identified varieties of coconuts for future planting such as *Matag*, *Tacunan* and *Nias*.
- We have implemented online marketing orders and price offers.

PRIORITIES FOR 2024

Planting Materials

1. Source for good planting materials for coconut expansion.

Coconut Breeding

1. Produce varieties with desirable characteristics for propagation through mass selection and biotechnological techniques.
2. Refine existing self-pollination techniques to produce coconuts with better varieties, high yields and higher oil content.
3. Produce more *Matag* coconut.

Crop Cultivation

1. Expand cultivation of coconut, banana, pineapple and durian. Continue to identify higher value crops with high market demand.
2. Implement irrigation system for coconut.
3. Provide training to estates' personnel.
4. Plant avocado in Sagil Estate.
5. Apply new agricultural and digital technologies to improve yield and efficiency, and reduce the production cost.
6. Engage wholesalers and expand online marketing to market and promote the crops.

Land Utilisation

1. Identify more areas to be planted with other crops (coconut, durian, pineapple, avocado and banana).
2. Expand the banana intercropping with oil palm replanting programme at Bahau Estate and Kuala Jelei Estate.
3. Employ mechanisation and digitalisation tools to improve productivity and reduce dependency on manual workers.

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STRATEGIC PRIORITY 4

Increase the Non-Crude Palm Oil ("CPO") Segment

Oil palm by-products such as oil palm trunks ("OPT") and empty fruit bunches ("EFB") are an ideal source for cellulose-based natural fibres. Oil palm processing waste such as palm oil mill effluent ("POME") and others are a good source of bio-based raw materials.

Globally, there is a growing consumer demand for environmentally-friendly products and a shift towards sustainable production.

The non-CPO segment acts as a stimulus to moderate the impact of palm oil price volatility and provide an added advantage to our overall diversification strategy.

OUR KEY INITIATIVES

We aim to convert oil palm by-products and processing waste into value-added products at a competitive cost. Below are some of the applications of oil palm by-products and processing waste which IOI is exploring:

OPT: Produce palm wood boards and panels which are high-performance timber equivalent.

EFB: Repurpose into value-added products such as biofuel, pulp and paper, and bio-fertiliser.

POME: Repurpose into bio-fertiliser.

ACHIEVEMENTS IN 2023

- We have completed the construction of IOI Palm Wood factory located at Segamat, Johor.
- We have installed Phase 1 of the machinery required to process OPT into engineered *OnCore®* palm wood, and commenced the testing and commissioning of the machinery, including the first trial of using OPT commercially.
- We have conducted a soft launch of *OnCore®* palm wood at the Malaysian Wood Exhibition.
- We have initiated the technology and operational expertise transfer from Europe to IOI Palm Wood Sdn Bhd.

PRIORITIES FOR 2024

OPT

1. Complete the commissioning and performance trials of Phase 1 production for *OnCore®* palm wood.
2. Establish a loyal and dedicated customer base within Malaysia.
3. Initiate export sale of *OnCore®* palm wood by Q3 of FY2024.
4. Scale up production and operation by optimising the capacity potential of Phase 1.
5. Set up our research and development ("R&D") capability by establishing an excellence centre in OPT processing within IOI Palm Wood.
6. Embrace the Environmental, Social and Governance ("ESG") principles within the organisation and benefit from the opportunities of verifiable carbon capture.

EFB and POME

1. Conduct feasibility and marketability studies to assess and prioritise potential products.
2. Explore new conversion technologies.
3. Develop supporting infrastructures such as collection centres and processing or conversion plants.
4. Explore R&D collaborations and partnerships with technology partners, start-ups, research institutions and academia.

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STRATEGIC PRIORITY 5

Grow the Oleochemical Segment

In our integrated palm oil business model, the resource-based manufacturing segment helps to stabilise IOI's income during volatile CPO price cycles.

Therefore, our strategy focuses on expanding the downstream manufacturing capacity and exploring new high-margin oleo-derivative products and applications to generate profitable growth.

Refer to Group Business Review on Resource-Based Manufacturing on pages 70-75 for a detailed review.

OUR KEY INITIATIVES

We aim to increase our oleochemical sub-segment's revenue contribution through organic growth from the following initiatives:

1. **Expand Capacity**: Expand manufacturing capacity by expanding existing facilities and commissioning new manufacturing facilities respectively.
2. **Improve Efficiency**: Enhance cost efficiency through automation.
3. **New Product Applications and Markets**: Manufacture new products and formulations. Employ diversification strategy to enter and/or capture new markets. Drive growth outside Europe into other regions.
4. **Focus on High-Value Products**: Realign business model to focus on high-margin products.

ACHIEVEMENTS IN 2023

Expand Capacity

- We have commissioned our latest fatty acid and glycerin plants which are yet to be capitalised due to the impacts of weak global economy resulting in overall drop of sales.
- We established local warehousing capability in the United States.
- We have commissioned a new soap noodles plant with less than 50% of energy consumption and minimal wastage.

Improve Efficiency

- We achieved reduction in waste disposal quantities by installing a sludge dryer at IOI Oleochemical Industries Berhad in Penang.
- We have commissioned new cooling water conditioning system for our Witten site at IOI Oleo GmbH in Germany which resulted in significant cost savings.

New Product Applications and Markets

- We introduced a new soap noodles product targeting developing countries.

Focus on High-Value Products

- We delivered core business growth and improved profitability by increasing price and focusing on high-margin products.

PRIORITIES FOR 2024

Expand Capacity

1. Debottleneck the Medium-Chain Triglycerides ("MCT") plant at IOI Oleochemical Industries Berhad in Penang to increase capacity by 50%.
2. Finalise the MCT plant capacity extension planning for IOI Oleo GmbH in Germany.

Improve Efficiency

1. Expand new photovoltaic solar power systems in Penang and Johor, and install a second cogeneration power plant in Penang.
2. Conclude new wastewater disposal agreement in Witten, Germany.

New Product Applications and Markets

1. Capitalise on the switch of animal-based to palm-based fatty acids in Japan.
2. Increase premium customer segments such as pharmaceutical, cosmetic, food and feed.
3. Focus on populous markets such as India and China to increase soap noodles' sales volume and capture market share.
4. Develop new products such as natural or preservative-free soap noodles and alternative lower cost soap noodles to increase product range.
5. Continue to expand business development into new regions of Middle East and African continents.
6. Launch new products, namely Polyglycerol ("PG") Esters for pharmaceutical and technical applications.

Focus on High-Value Products

1. Focus on high-margin products such as low 3-MCPD and specialty MCT.
2. Secure high-margin businesses in an increasingly competitive market environment.

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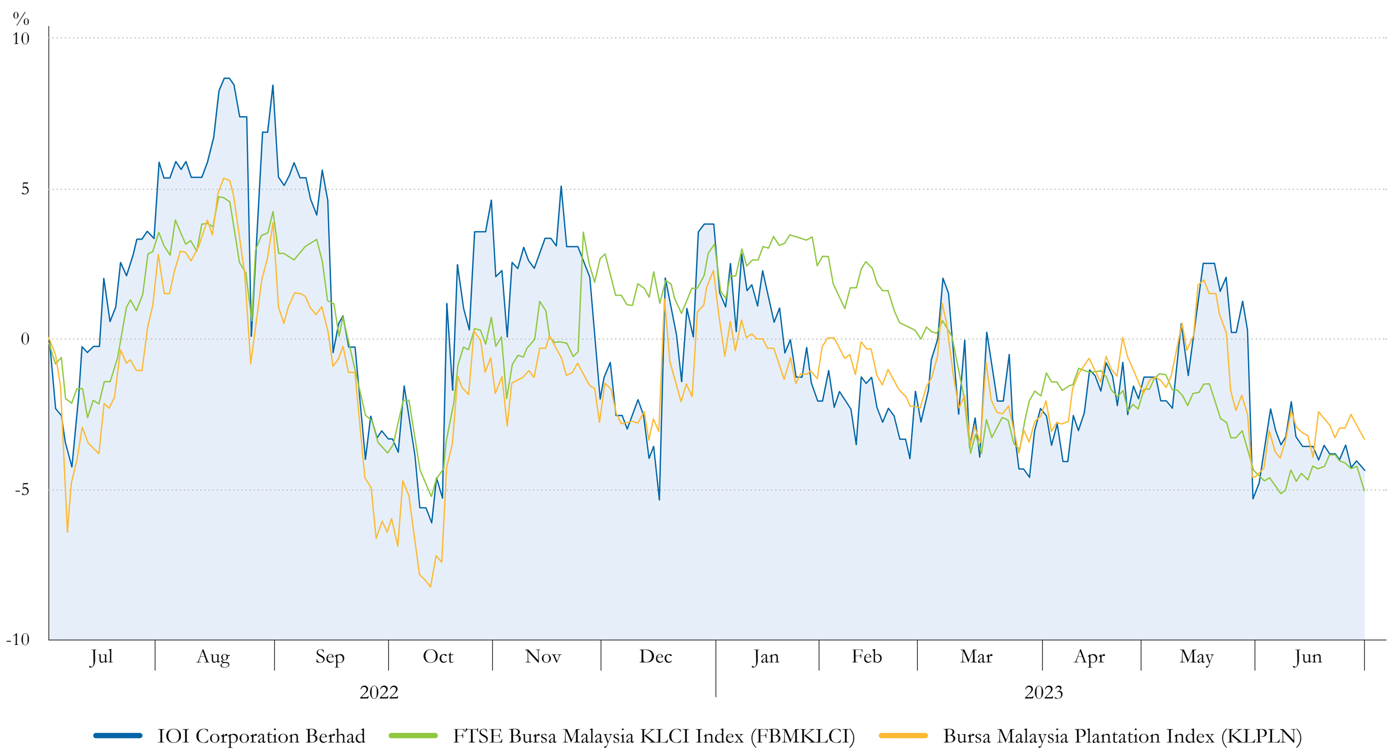
FINDING HARMONY WITH NATURE

At IOI, we proactively assess and manage potential environmental risks to undertake activities that are in harmony with nature. Our commitment to responsible practices is underscored by our sustainability approaches and net zero greenhouse gas emissions target by 2040. By integrating these environmental considerations into every aspect of our operations, we strive to create a harmonious balance between our activities and the natural world, and forge a positive industry-wide impact to establish a safer, greener and more eco-friendly planet.

KEY INDICATORS



In RM million unless otherwise stated	2023	2022	2021	2020	2019
FINANCIAL					
Profit before interest and tax	**1,815.5**	2,494.2	1,747.5	1,137.9	1,076.8
Profit attributable to owners of the parent	**1,114.2**	1,725.3	1,394.3	600.9	631.7
Equity attributable to owners of the parent	**11,330.8**	10,943.7	10,005.4	9,296.2	9,299.6
Return on average shareholders' equity (%)	**10.00**	16.47	14.45	6.46	6.85
Basic earnings per share (sen)	**17.95**	27.74	22.26	9.57	10.05
Dividend per share (sen)	**11.0**	14.0	10.5	8.0	8.0
PLANTATION					
FFB production (MT)	**2,686,356**	2,726,516	2,917,621	3,097,262	3,398,847
Total oil palm area (Ha)	**173,818**	175,192	176,926	176,909	176,156
MANUFACTURING					
Oleochemical					
Plant utilisation (%)	**61**	67	76	77	82
Sales (MT)	**532,493**	573,942	648,130	669,854	714,131
Refinery					
Plant utilisation (%)	**61**	61	63	69	65
Sales (MT)	**1,585,419**	1,868,099	2,217,093	1,973,792	1,917,195

FIVE-YEAR FINANCIAL HIGHLIGHTS

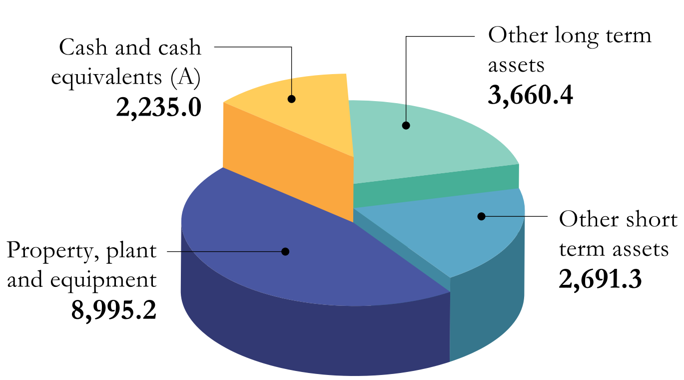
In RM million unless otherwise stated	2023	2022	2021	2020	2019
RESULTS					
Revenue	**11,583.8**	15,578.7	11,251.7	7,802.2	7,385.6
Profit before interest and tax	**1,815.5**	2,494.2	1,747.5	1,137.9	1,076.8
Net foreign currency translation (loss)/gain on foreign currency denominated borrowings and deposits	**(174.5)**	(12.8)	118.5	(207.9)	(102.1)
Net interest expenses	**(115.0)**	(128.8)	(126.2)	(103.3)	(102.1)
Profit before tax	**1,526.0**	2,352.6	1,739.8	826.7	872.6
Tax expense	**(396.0)**	(583.7)	(323.5)	(225.0)	(255.0)
Profit for the financial year	**1,130.0**	1,768.9	1,416.3	601.7	617.6
Attributable to:					
Owners of the parent	**1,114.2**	1,725.3	1,394.3	600.9	631.7
Non-controlling interests	**15.8**	43.6	22.0	0.8	(14.1)
ASSETS					
Property, plant and equipment	**8,995.2**	8,709.2	8,608.7	8,531.8	8,472.9
Investments in associates	**3,013.3**	3,110.0	3,144.5	2,727.0	2,610.1
Other non-current assets	**647.1**	669.2	564.7	582.7	622.3
	12,655.6	12,488.4	12,317.9	11,841.5	11,705.3
Current assets	**4,926.3**	6,679.4	5,337.8	4,890.1	4,794.9
	17,581.9	19,167.8	17,655.7	16,731.6	16,500.2
EQUITY AND LIABILITIES					
Total shareholders' equity	**11,330.8**	10,943.7	10,005.4	9,296.2	9,299.6
Non-controlling interests	**339.8**	340.8	309.0	274.5	211.1
Total equity	**11,670.6**	11,284.5	10,314.4	9,570.7	9,510.7
Non-current liabilities	**4,235.8**	4,131.7	2,303.7	5,319.6	5,766.9
Current liabilities	**1,675.5**	3,751.6	5,037.6	1,841.3	1,222.6
Total liabilities	**5,911.3**	7,883.3	7,341.3	7,160.9	6,989.5
	17,581.9	19,167.8	17,655.7	16,731.6	16,500.2
Net operating profit after tax ("NOPAT")	**1,243.5**	1,889.9	1,541.6	732.1	750.9
Average shareholders' equity	**11,137.3**	10,474.5	9,650.8	9,297.9	9,228.0
Average capital employed [1]	**17,178.3**	17,062.6	16,178.7	15,752.7	15,774.0
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**17.95**	27.74	22.26	9.57	10.05
Dividend per share (sen)	**11.0**	14.0	10.5	8.0	8.0
Net assets per share (sen)	**183**	176	160	148	148
Return on average shareholders' equity (%)	**10.00**	16.47	14.45	6.46	6.85
Return on average capital employed (%)	**7.24**	11.08	9.53	4.65	4.76
Net debt/Equity (%) [2]	**13.99**	22.80	29.37	28.62	24.81
SHARE PERFORMANCE					
Market share price (RM):					
- Highest	**4.27**	4.76	4.64	4.82	4.74
- Lowest	**3.59**	3.49	3.65	3.41	4.10
- Closing	**3.73**	3.84	3.76	4.34	4.25
Trading volume (million)	**616**	884	524	842	563
Market capitalisation	**23,139.8**	23,857.8	23,495.4	27,198.0	26,709.7

Notes:
1 Average capital employed comprises shareholders' equity, non-controlling interests, long term liabilities, borrowings, lease liabilities and deferred tax.
2 Net debt represents total borrowings and lease liabilities less short term funds, deposits with financial institutions and cash and bank balances.

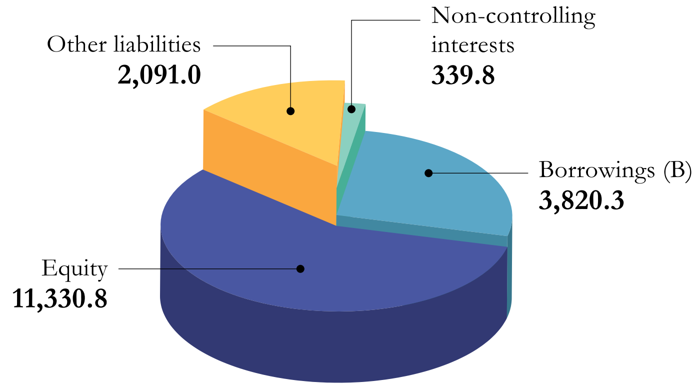
GROUP FINANCIAL OVERVIEW

STATEMENT OF FINANCIAL POSITION
as at 30 June 2023 (RM million)

ASSETS



EQUITY AND LIABILITIES

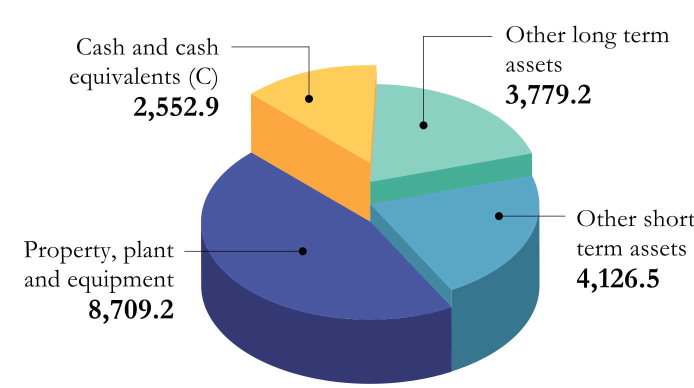


Net Borrowings = (B) – (A) = **RM1,585.3 million** Net Gearing = **13.99%**

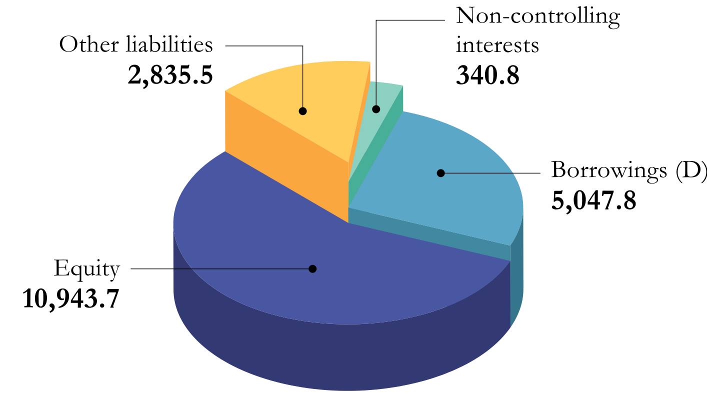
NET BORROWINGS AS AT 30 JUNE 2023	RM million
Net cash flow generated from operation	2,073.2
Capital expenditure, net of disposal	(600.7)
Free cash flow from operation	1,472.5
Dividends received from investments	177.9
Additional investment in an associate	(147.4)
Proceeds from partial disposal of 10% equity interest in an associate	465.8
Additions to other investments, net of proceeds	(23.3)
Repayment from an associate	183.0
Net settlements of hedging instruments arising from repayments of borrowings	(0.3)
Net interest paid	(115.9)
Proceeds from issuance of shares to non-controlling interests	0.3
Repurchase of shares	(34.4)
Dividend payments	
– Shareholders of the Company	(869.4)
– Shareholders of subsidiaries	(14.4)
Cash inflow in net borrowings	1,094.4
Transaction cost of borrowings	(1.0)
Accretion of borrowings	(1.4)
Lease interest expense	(4.0)
Reassessments and modifications of leases	4.4
Additions to lease liabilities	(12.6)
Decrease in net borrowings	1,079.8
Net borrowings as at 30 June 2022	(2,494.9)
Translation difference	(170.2)
Net borrowings as at 30 June 2023	(1,585.3)

STATEMENT OF FINANCIAL POSITION
as at 30 June 2022 (RM million)

ASSETS



EQUITY AND LIABILITIES



Net Borrowings = (D) – (C) = **RM2,494.9 million** Net Gearing = **22.80%**

RETAINED EARNINGS AS AT 30 JUNE 2023	RM million
Segment results	1,841.2
Unallocated corporate net expenses	(25.7)
Profit before interest and tax	1,815.5
Net foreign currency translation loss on foreign currency denominated borrowings and deposits	(174.5)
Net interest expenses	(115.0)
Profit before tax	1,526.0
Tax expense	(396.0)
Profit for the financial year	1,130.0
Other comprehensive income	2.4
Total comprehensive income	1,132.4
Attributable to non-controlling interests	(15.8)
Total comprehensive income attributable to owners of the parent	1,116.6
Dividends paid	(869.4)
	247.2
Retained earnings as at 30 June 2022	10,315.2
Retained earnings as at 30 June 2023	10,562.4

GROUP PERFORMANCE HIGHLIGHTS

In RM million unless otherwise stated	2023	2022	+/(-)%
FINANCIAL PERFORMANCE			
Revenue	**11,583.8**	15,578.7	(26)
Profit before interest and tax	**1,815.5**	2,494.2	(27)
Profit before tax	**1,526.0**	2,352.6	(35)
Net operating profit after tax ("NOPAT")	**1,243.5**	1,889.9	(34)
Net profit attributable to owners of the parent	**1,114.2**	1,725.3	(35)
Average shareholders' equity	**11,137.3**	10,474.5	6
Average capital employed	**17,178.3**	17,062.6	1
Operating margin (%)	**13.30**	13.82	(4)
Return on average shareholders' equity (%)	**10.00**	16.47	(39)
Return on average capital employed (%)	**7.24**	11.08	(35)
Basic earnings per share (sen)	**17.95**	27.74	(35)
Dividend per share (sen)	**11.0**	14.0	(21)
Net assets per share (sen)	**183**	176	4
Dividend cover (number of times)	**1.6**	2.0	(18)
Interest cover (number of times)	**11.2**	15.8	(29)
PLANTATION PERFORMANCE			
FFB production (MT)	**2,686,356**	2,726,516	(1)
Yield per mature hectare (MT)	**18.66**	19.34	(4)
Mill production (MT)			
Crude palm oil	**580,688**	607,200	(4)
Palm kernel	**114,818**	124,114	(7)
Oil extraction rate (%)			
Crude palm oil	**20.92**	21.39	(2)
Palm kernel	**4.14**	4.37	(5)
Average selling price (RM/MT)			
Crude palm oil	**4,118**	4,688	(12)
Palm kernel	**2,233**	3,593	(38)
MANUFACTURING PERFORMANCE			
Oleochemical			
Plant utilisation (%)	**61**	67	(9)
Sales (MT)	**532,493**	573,942	(7)
Refinery			
Plant utilisation (%)	**61**	61	-
Sales (MT)	**1,585,419**	1,868,099	(15)

GROUP QUARTERLY RESULTS

In RM million unless otherwise stated	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2023
Revenue	3,668.7	3,304.0	2,660.4	1,950.7	**11,583.8**
Operating profit	406.0	728.2	215.8	191.2	**1,541.2**
Share of results of associates	79.7	35.7	55.5	101.9	**272.8**
Share of results of a joint venture	0.2	0.1	0.4	0.8	**1.5**
Profit before interest and tax	485.9	764.0	271.7	293.9	**1,815.5**
Interest income	9.6	9.5	7.7	7.6	**34.4**
Finance costs	(38.3)	(38.8)	(35.4)	(36.9)	**(149.4)**
Net foreign currency translation (loss)/gain on foreign currency denominated borrowings and deposits	(142.1)	122.3	16.8	(171.5)	**(174.5)**
Profit before tax	315.1	857.0	260.8	93.1	**1,526.0**
Tax expense	(142.1)	(141.9)	(59.3)	(52.7)	**(396.0)**
Profit after tax	173.0	715.1	201.5	40.4	**1,130.0**
Attributable to:					
Owners of the parent	167.5	712.1	197.4	37.2	**1,114.2**
Non-controlling interests	5.5	3.0	4.1	3.2	**15.8**
	173.0	715.1	201.5	40.4	**1,130.0**
Basic earnings per share (sen)	2.70	11.47	3.18	0.60	**17.95**
Profit before interest and tax on segmental basis					
Plantation	351.8	328.2	221.2	250.1	**1,151.3**
Resource-based manufacturing	128.5	464.3	50.8	47.4	**691.0**
Other operations	0.4	2.1	(1.6)	(2.0)	**(1.1)**
	480.7	794.6	270.4	295.5	**1,841.2**
Unallocated corporate net income/(expense)	5.2	(30.6)	1.3	(1.6)	**(25.7)**
	485.9	764.0	271.7	293.9	**1,815.5**

FINANCIAL CALENDAR

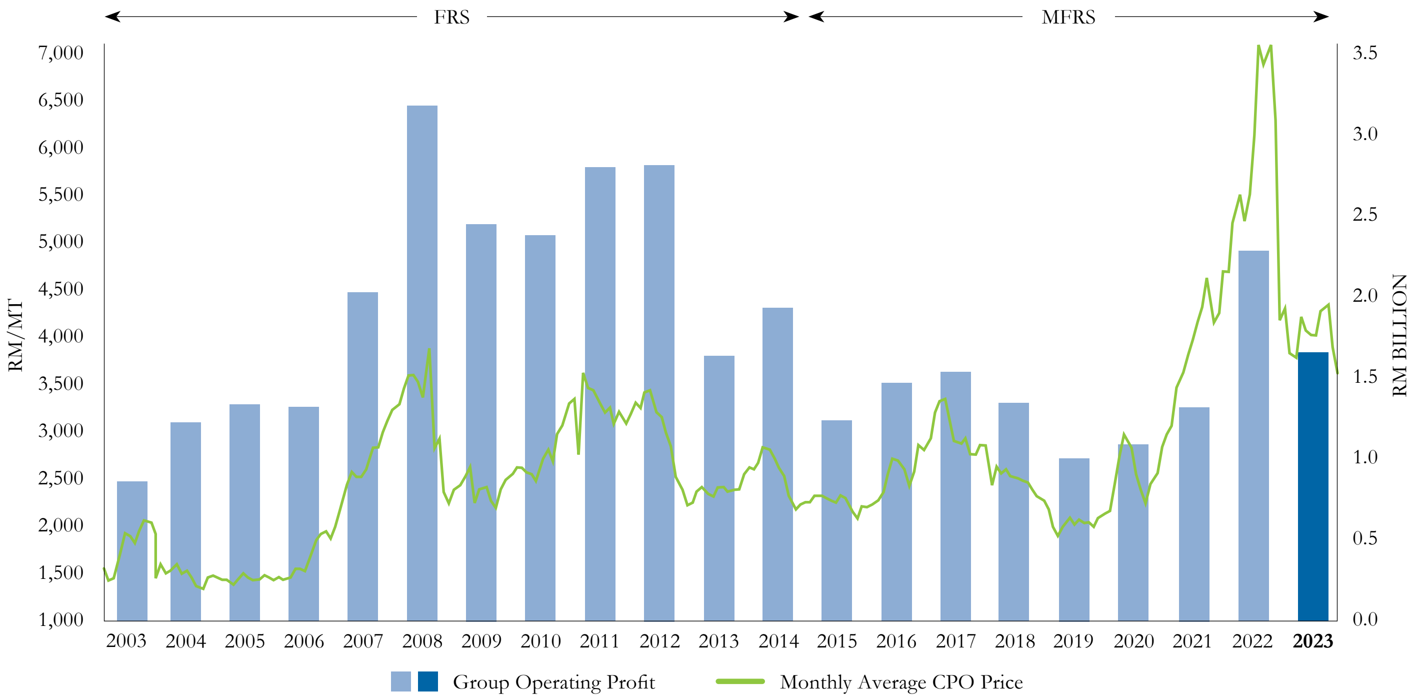
FINANCIAL YEAR END	30 JUNE 2023

Announcement of Results	
1st Quarter	25 November 2022
2nd Quarter	28 February 2023
3rd Quarter	30 May 2023
4th Quarter	22 August 2023
Notice of Annual General Meeting	29 September 2023
Annual General Meeting	27 October 2023

Payment of Dividends		
1st Interim	Declaration	28 February 2023
	Entitlement	15 March 2023
	Payment	24 March 2023
2nd Interim	Declaration	22 August 2023
	Entitlement	7 September 2023
	Payment	22 September 2023

GROUP FINANCIAL REVIEW

Growing Through the Cycle



Note:
In conjunction with the adoption of Malaysian Financial Reporting Standards ("MFRS") framework by the Group, the above information from FY2015 onwards have been prepared in accordance with MFRS, whereas information prior to FY2015 have been prepared in accordance with Financial Reporting Standards ("FRS").

INTRODUCTION

The purpose of this review is to highlight and provide brief insights on key financial and operating information at Group level. A more detailed commentary on operating performance is covered under the respective business segment reports.

KEY FINANCIAL INDICATORS

		2023	2022	Change %
Profit before interest and tax ("PBIT")	RM million	**1,815.5**	2,494.2	(27)
Profit before tax ("PBT")	RM million	**1,526.0**	2,352.6	(35)
Net profit attributable to owners of the parent ("Net Earnings")	RM million	**1,114.2**	1,725.3	(35)
Return on average shareholders' equity ("ROE")	%	**10.00**	16.47	(39)
Return on average capital employed ("ROCE")	%	**7.24**	11.08	(35)
Net operating profit after tax ("NOPAT")	RM million	**1,243.5**	1,889.9	(34)
Total returns to shareholders				
- Capital appreciation per share	RM	**(0.11)**	0.08	nm
- Dividend per share	sen	**11.0**	14.0	(21)
Net cash flow generated from operation	RM million	**2,073.2**	1,799.9	15
Net gearing	%	**13.99**	22.80	(39)

Note:
nm = not meaningful

FINANCIAL HIGHLIGHTS AND INSIGHTS

- The Group's revenue for FY2023 decreased by 26% to RM11.58 billion as compare to RM15.58 billion in FY2022 from all segments.
- At Group level, the results for FY2023 versus FY2022 are best compared and explained at three (3) levels, mainly, PBIT, PBT and Net Earnings, as different factors affected the changes between the two (2) fiscal years at the respective levels.
- Looking at **PBIT**, contributions from the segments are as follows:

	2023 RM million	Mix %	2022 RM million	Mix %	Change %
Plantation	**1,151.3**	**63**	2,084.2	83	(45)
Resource-based manufacturing	**691.0**	**38**	537.3	22	29
Total	**1,842.3**	**101**	2,621.5	105	(30)
Others including unallocated corporate expenses	**(26.8)**	**(1)**	(127.3)	(5)	(79)
PBIT	**1,815.5**	**100**	2,494.2	100	(27)

- The plantation segment's PBIT decreased by 45% to RM1,151.3 million, due mainly to lower CPO and PK prices realised, higher cost of production and lower share of associates results.
- The resource-based manufacturing segment's PBIT increased by 29% to RM691.0 million. Excluding the fair value loss on derivative financial instruments of RM58.1 million (FY2022 – gain of RM32.0 million) and share of specialty fats associate, Bunge Loders Croklaan Group BV's ("BLC") impairment loss of RM55.3 million reported in FY2022, the segment reported an underlying profit of RM749.1 million for FY2023 which was 34% higher than the underlying profit of RM560.6 million for FY2022. The higher profit was due mainly to higher margins from refining sub-segment, partly offset by lower margins from oleochemical sub-segment.
- Other PBIT includes fair value loss on put and call options of RM29.2 million (FY2022 – RM103.8 million), net gain on partial disposal of 10% equity interest in an associate of RM17.2 million (FY2022 – Nil) and loss on repurchase of Guaranteed Notes due 2022 of RM29.4 million for FY2022.
- **PBT** decreased by 35% to RM1,526.0 million, mainly due to lower contribution from plantation segment and net foreign currency translation loss on foreign currency denominated borrowings and deposits of RM174.5 million (FY2022 – RM12.8 million), mitigated by higher contribution from resource-based manufacturing segment.
- **Net Earnings** decreased to RM1,114.2 million. The decrease of the net earnings is due mainly to lower PBT as explained in the foregoing paragraphs.
- The Group's **Interest Cover** was 11.2 times (FY2022 – 15.8 times).
- With the decrease of net earnings, the Group recorded a **ROE** of 10.00% for FY2023 based on an average shareholders' equity of RM11,137.3 million (FY2022 – RM10,474.5 million), as compared to 16.47% recorded in the previous financial year.
- With the decrease of NOPAT, the **ROCE** decreased from 11.08% for FY2022 to 7.24% for FY2023.

FINANCIAL HIGHLIGHTS AND INSIGHTS (Continued)

- The Group strives to enhance ROE and ROCE by continuous improvement in operating performance and by active management of its capital structure and commitment in execution of its five strategic priorities. Initiatives undertaken by the Group include maintaining dividend payouts, share buy-back (and cancellation) programme and a continuous review and adjustment of the Group's debt gearing ratio having regard to maintaining stable credit ratings.

  The equity reduction for purpose of capital management includes the following:

In RM million	2023	2022
Cash dividend	**869.4**	746.7
Share buy-back	**34.4**	134.2
Total equity repayments	**903.8**	880.9

- The Group generated an **Operating Cash Flow** of RM2,073.2 million for FY2023 against RM1,799.9 million for FY2022. Similarly, **Free Cash Flow** increased from RM1,360.0 million to RM1,472.5 million due mainly to increase in net working capital.

- The inventory turnover days for FY2023 has increased to 53 days, as compared to inventory turnover days of 45 days for FY2022.

- The trade receivables turnover days for FY2023 has increased to 33 days, as compared to trade receivables turnover days of 26 days for FY2022.

- As for the cash and cash equivalents, it decreased from RM2.6 billion reported in FY2022 to RM2.2 billion reported in FY2023, due mainly to increase in net cash used in financing activities.

- The net gearing ratio of the Group was decreased from 22.80% in FY2022 to 13.99% in FY2023.

- The Group's **Shareholders' Equity** as at 30 June 2023 stood at RM11.3 billion. The movement during the financial year included net earnings of RM1.1 billion, offset by total dividend payment of RM0.9 billion.

- For FY2023, the Group spent a total of RM621.2 million (FY2022 – RM445.5 million) for **Capital Expenditure ("Capex")**.

RETURN TO SHAREHOLDERS

Two interim cash dividends totaling 11.0 sen per ordinary share amounting to a total payout of RM682.6 million were declared for FY2023.

If a shareholder had bought 1,000 ordinary shares in the Company ("IOIC Shares") when it was listed in 1980 and assuming the shareholder had subscribed/accepted for all rights issues and offer for sale to date and had not sold any of the shares, the shareholder would have as at 30 June 2023 76,000 IOIC Shares worth RM283,480 based on IOIC Share price of RM3.73 and 55,417 IOI Properties Group Berhad Shares ("IOIPG Shares") worth RM59,296 based on IOIPG Share price of RM1.07. The appreciation in value together with the dividends and IOIPG Shares received less capital outlay translates to a remarkable compounded annual rate of return of 15.5% for each of the 43 years since the Company was listed.

The Company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2023 stood at RM2.2 billion, and a net gearing ratio of 13.99%.

GROUP BUSINESS REVIEW – PLANTATION

WHO WE ARE & WHAT WE DO

Plantation is a core business of IOI, which is engaged in the cultivation of oil palm and processing of palm oil with operations in seed breeding, cultivation and crop oil extraction. Today, we have 98 estates, 15 palm oil mills, four research and development ("R&D") centres and one biotechnology centre across Malaysia and Indonesia. Our harvested fresh fruit bunches ("FFB") are processed by our own 15 milling facilities with a total installed capacity of 980 metric tonne ("MT") per hour of FFB.

Our current total planted area (including subsidiary companies) stands at 176,925 hectares ("ha") (FY2022: 176,980 ha) and our associate companies stand at about 135,000 ha (as at 30 June 2023). Our total planted area is 98% oil palm and 84% is classified as mature. The weighted average palm age is 14 years. IOI is diversifying into cash crops and intercropping to optimise the revenue of operating units that are undergoing replanting programmes. We have planted a total of 303 ha of bananas, 47 ha of pineapples and 28 ha of durian as of FY2023. We are expanding our cash crops and intercropping business, and targeting to plant 400 ha of bananas, 50 ha of pineapples and 59 ha of durians by next year. In addition, we have planted a total of 1,471 ha of coconuts and target to plant 1,807 ha by next year. We have also established a seed garden to ensure we produce sufficient planting materials by capturing existing crop diversity as well as developing new and improved materials for the future expansion of the Group.

As of FY2023, our Indonesian plantations have been granted *Hak Guna Usaha* ("HGU") or Right to Cultivate land rights by the Indonesian government for a total ha of 32,573 for 35 years including plasma.

IOI emphasises heavily on Environmental, Social and Governance ("ESG"), a crucial element for businesses in sustainability development, and has made marked improvements in several ESG ratings and assessments. IOI won the Gold Award under the Plantation Sector (Equity Awards category) at The Edge Malaysia ESG Awards 2022, and was recognised as the Company of the Year (Best in Green, Education and Social Initiatives) under the Conglomerate – Plantation category at the Sustainability and CSR Malaysia Awards 2023 on 26 July 2023. The award was given in recognition of our aspiration to drive positive socio-economic development, biodiversity and wildlife protection, as well as our commitment to share prosperity with the community through our corporate social responsibility ("CSR") and philanthropic programmes.

KEY FOCUS AREAS

With a strategy on "Driving Innovation in Enhancing Yields and Cost Efficiency," we are committed to the following key focus areas to enable us to strive for sustainable business growth.

- Innovating to produce high-yielding planting materials
- Digitalisation and automation of business processes
- Reduce dependency on manual workers via mechanisation, increase productivity and operational efficiency
- Diversifying crops and exploring other profitable crops

Top 3 Largest Companies* in Plantation Sector
* Listed on Bursa Malaysia

Total Planted Area
176,925 Ha*
* Excludes area owned by associate companies

Total Oil Palm Estates
98*
* Located in Malaysia and Indonesia

173,060 Ha & 14 Mills
RSPO*-Certified in Malaysian Operations
** Roundtable on Sustainable Palm Oil*

KEY BUSINESS HIGHLIGHTS

The total FFB production for the Group is 2.69 million MT in FY2023 as compared to 2.73 million MT in FY2022. The FFB yield recorded in FY2023 is 18.66 MT per ha as compared to 19.34 MT per ha in the previous year. The lower FFB productivity and FFB yield are primarily impacted by the labour shortage particularly the lack of skilled harvesters as more workers requested to repatriate to their home country that led to high harvesting intervals in addition to the heavy rainfall and floods in the Sabah Region. The labour shortage also caused a delay in our fertilising, milling and transportation activities. As a result, our crude palm oil ("CPO") production output was affected which led to lower oil yields.

In view of these challenges, the Mechanisation Department has expanded our estate mechanisation projects and implemented various mechanisation systems to assist and speed up the FFB evacuation. As a result, 96% of suitable estates with 80% of potential hectarage have been converted to mechanised mainline FFB evacuation system especially in harvesting operations. Furthermore, we have implemented various motorised equipment that includes motorised palm cutters, motorised power barrows, motorised power crawlers, mechanical carts, mini tractor grabbers, mechanical weed sprayers and mechanical fertiliser spreaders to increase productivity at the estates and to reduce dependency on manual workers. We have also reorganised our work teams and conducted trainings on mechanisation management and strategy on maintenance and operation for efficiency.

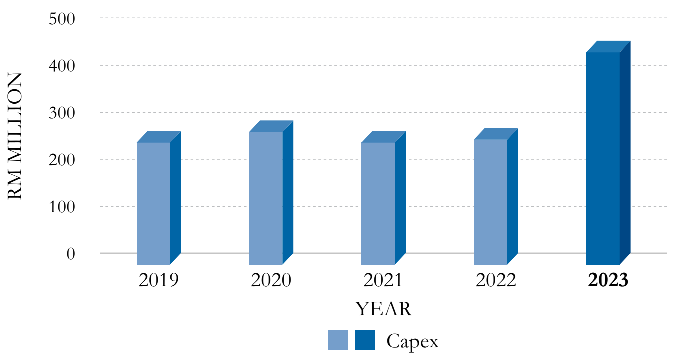
The low FFB yield in FY2023 is also caused by a decrease of approximately 8,319 ha of old palms due for replanting, whilst 7,804 ha of young palms are brought into maturity in FY2023. Replanting remains a priority for the Group and we have replanted about 39,597 ha since FY2019 to improve the age profile. We are strengthening our replanting programme through our elite high-yielding clonal palms and superior third-generation hybrid palm seedlings to produce higher yields. We are also aggressively expanding our mechanisation and digitalisation efforts to optimise workforce and land usage, and adopting best agricultural practices to enhance our oil palm yields.

FINANCIAL HIGHLIGHTS

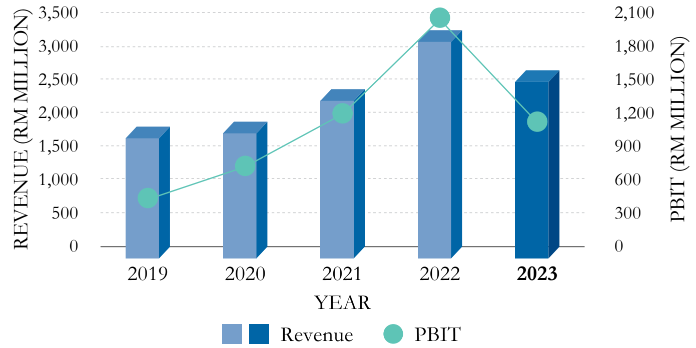
As of 30 June 2023, the Group's plantation segment's revenue decreased by 20% from RM3.33 billion in FY2022 to RM2.68 billion in FY2023. This year-on-year deterioration was contributed by lower CPO and palm kernel ("PK") prices. The CPO price traded at an average of RM3,924 per MT in the first half of 2023, down from RM3,954 per MT in the second half of 2022. Similarly, PK price stood at an average of RM2,021 per MT, from RM2,243 per MT. This is primarily attributed to the expected seasonal increase in palm fruits production as well as the larger than expected soybean harvest. Other factors include the persistent bearish trend in Black Sea sunflower oil prices, which has triggered a sell-off in related vegetable oils, a slowdown of palm oil exports to China and Indonesia's palm oil export curbs. This yearly deterioration is also reflected in the decrease in our Group's average CPO and PK prices. The average CPO price for FY2023 was lower by RM570 per MT (FY2023: RM4,118 per MT as compared with FY2022: RM4,688 per MT) and the average PK price was also lower by RM1,360 per MT (FY2023: RM2,233 per MT as compared with FY2022: RM3,593 per MT).

In a nutshell, the plantation profit has reduced by 45% to RM1,151.3 million in FY2023 as compared with RM2,084.2 million in FY2022 due to lower CPO and PK prices, coupled with higher estate cost that was attributed to the soaring costs of fertilisers, chemicals and diesel as well as higher wages and welfare cost. The plantation segment spent a total of RM444.5 million in capital expenditure ("Capex") in FY2023 as compared with RM282.2 million in FY2022. The investment consisted of primarily funding in replanting (East Malaysia), plant and machinery, and plantation development infrastructure.

CAPEX



REVENUE AND PROFIT BEFORE INTEREST AND TAX ("PBIT")



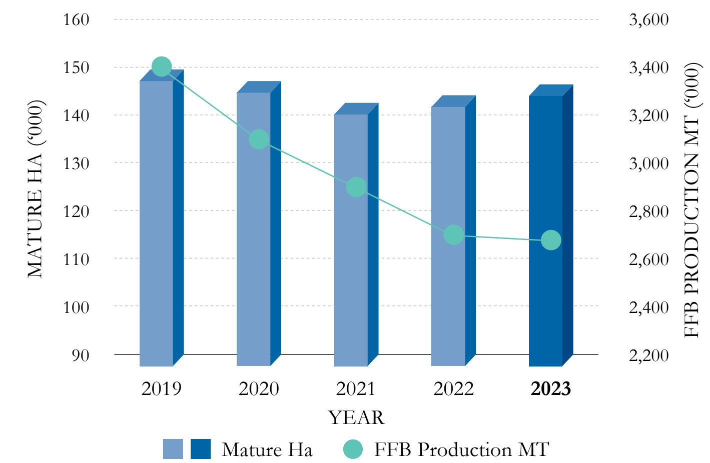
5-YEAR PLANTATION PERFORMANCE STATISTICS

CROP STATEMENT	2023	2022	2021	2020	2019
OIL PALM					
Average mature area harvested (Ha)	**143,996**	141,011	140,418	145,802	147,770
FFB production (MT)	**2,686,356**	2,726,516	2,917,621	3,097,262	3,398,847
Yield per mature hectare (MT/Ha)	**18.66**	19.34	20.78	21.24	23.00
Mill production (MT)					
Crude palm oil	**580,688**	607,200	646,692	708,212	756,596
Palm kernel	**114,818**	124,114	135,853	151,473	166,716
Oil extraction rate (%)					
Crude palm oil	**20.92**	21.39	21.39	21.83	21.44
Palm kernel	**4.14**	4.37	4.49	4.67	4.72
Average selling price (RM/MT)					
Crude palm oil	**4,118**	4,688	3,076	2,314	2,025
Palm kernel	**2,233**	3,593	2,115	1,375	1,390

AREA STATEMENT *In Hectares*	2023	2022	2021	2020	2019
OIL PALM					
Mature	**146,069**	143,787	143,749	146,856	147,995
Immature	**27,749**	31,405	33,177	30,053	28,161
	173,818	175,192	176,926	176,909	176,156
RUBBER					
Mature	**449**	449	457	457	415
Immature	**-**	-	-	18	60
	449	449	457	475	475
Others	**2,658**	1,339	722	684	648
Total planted area	**176,925**	176,980	178,105	178,068	177,279
Nursery	**358**	324	254	248	206
Estate under development	**462**	532	554	836	8,382
Labour lines, building sites and others	**29,384**	29,277	28,074	27,415	32,070
Total area	**207,129**	207,113	206,987	206,567	217,937

OIL YIELDS AND FFB YIELDS

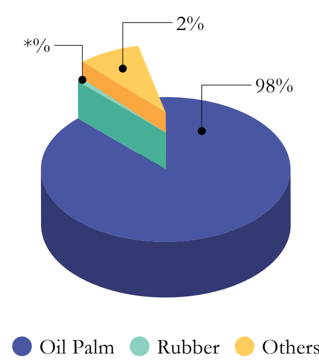
AVERAGE MATURE OIL PALM AREA HARVESTED AND FFB PRODUCTION



PLANTATION STATISTICS

Crop Mix

Total Planted Area
176,925 Ha



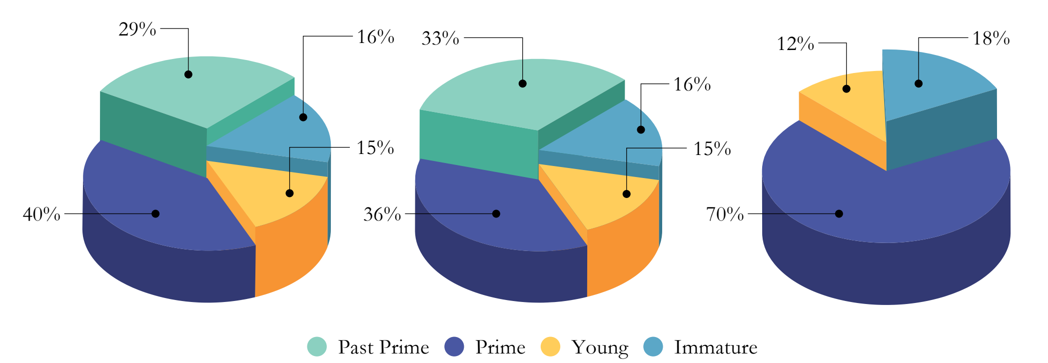
** negligible*

Oil Palm Hectarage by Age

Group
Total Oil Palm Planted Area
173,818 Ha

Malaysia
Total Oil Palm Planted Area
152,486 Ha

Indonesia
Total Oil Palm Planted Area
21,332 Ha

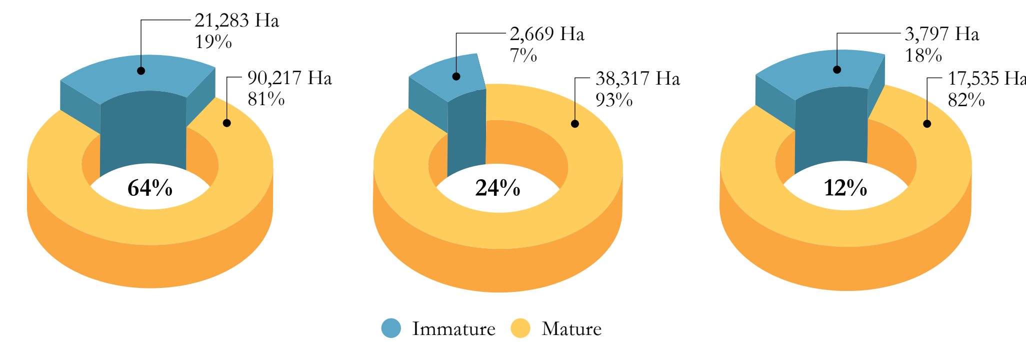


Oil Palm Hectarage by Region

East Malaysia
Total Oil Palm Area
111,500 Ha

Peninsular Malaysia
Total Oil Palm Area
40,986 Ha

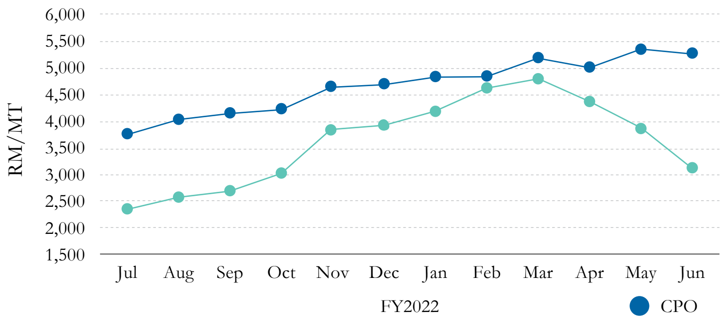
Indonesia
Total Oil Palm Area
21,332 Ha



GROUP BUSINESS REVIEW –
PLANTATION

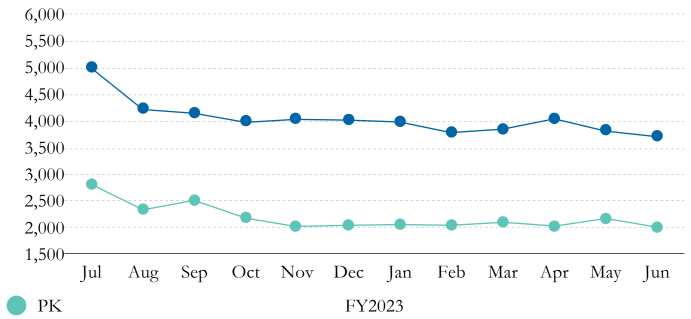
AVERAGE REALISED CPO AND PK PRICES

Average CPO Price	Average PK Price
RM4,688/MT	RM3,593/MT



CPO PK

Average CPO Price	Average PK Price
RM4,118/MT	RM2,233/MT



BUSINESS PERFORMANCE REVIEW 2023

STRATEGIC OBJECTIVES	KEY INITIATIVES	ACHIEVEMENTS IN FY2023
Innovating to produce high-yielding planting materials Reduce dependency on manual workers via mechanisation, increase productivity and operational efficiency Digitalisation and automation of business processes Diversifying crops and exploring other profitable crops	• Digitalisation • Mechanisation • Continued investment in R&D • Better worker management • Driving to maximise oil yields by innovating with high-yielding clonal palms, superior planting materials and achieving high early yields from young mature palms • Embarking on conservation projects to minimise crop loss during adverse weather conditions	1. IOI continued to attain high yields (as indicated by our top three best performing estates): ESTATE / OIL YIELD: a) Morisem 1 – 6.81 MT/ha; b) Unico 1 – 6.58 MT/ha; c) Tangkulap – 6.58 MT/ha 2. Our mills continued to achieve high OERs as a result of FFB crops that are derived from superior high-yielding palms: MILL / OER: a) Baturong (Sabah) – 24.03%; b) Morisem (Sabah) – 22.77%; c) Mayvin (Sabah) – 22.10% 3. All our Malaysian plantation operating units are fully integrated with the SAP system and the electronic plantation monitoring system. Meanwhile, we are implementing the e-wallet salary crediting system in all our Malaysian plantation operating units. 4. We have successfully initiated various mechanisation efforts: a. Implemented mechanised mainline FFB evacuation system (using FFB grabber in combination with bin transport system) at 96% of suitable estates across Malaysia, which have improved productivity and enabled the workers to earn better wages. b. Implemented mechanical assisted infield collection (using motorised power barrow, motorised power crawler, mechanical cart, mini tractor grabber, etc.) at 54% of potential hectarage in our Malaysian estates, which increased harvesters' productivity by 25% to 33%, and reduced dependency on workers by improving harvester to land ratio from 1:16 ha to 1:23 ha. c. Implemented mechanical sprayer, mechanical fertiliser spreader and mechanical weed sprayer at terraces for upkeep work to reduce dependency on manual workers. d. Implemented mechanical front-end loader on tractor for organic farming to increase productivity of empty fruit bunches ("EFB") and dry palm oil mill effluent ("POME") application in the fields. e. Provided continuous training and briefing for our estates' personnel, and increased the number of skilled workers. 5. We have successfully initiated various digitalisation efforts: a. Progressively expanded SAP Fiori web-based application for approval features to senior management and enhanced its functionality for better monitoring, mobility and usage. b. Improved robotic process automation ("RPA") for Procure to Payment and extended it to financial close process validation. c. Continuous improvements on simplifying and automating process flow using best practice controls. d. Ongoing enhancement on SAP and electronic performance management system to improve the efficiency of business processes such as Payment Automation, Host to Host Payment, Agriculture Mechanisation Management, Vehicle Operation Monitoring, Integrated Planting of Cash Crops and others. e. Ongoing expansion of better and more dynamic reporting using SAP Business Warehouse.

ESTATE	OIL YIELD
a) Morisem 1	6.81 MT/ha
b) Unico 1	6.58 MT/ha
c) Tangkulap	6.58 MT/ha

MILL	OER
a) Baturong (Sabah)	24.03%
b) Morisem (Sabah)	22.77%
c) Mayvin (Sabah)	22.10%

CHALLENGES/RISKS	MITIGATION ACTIONS
Shortage of migrant workers which directly impacted the supply chain (from FFB harvesting to CPO and PK production and sales) leading to lower FFB and oil yields, and negatively impacting revenue.	1. Actively recruit more local workers with competitive incentives, improve employee welfare and amenities, and introduce "worker-get-worker" scheme. 2. Introduce better work processes and intensify mechanisation or automation to improve the effectiveness and efficiency of the production chain. 3. Annually review pay rates for workers to remain competitive whilst addressing the falling exchange rate impact. 4. Hold dialogues with relevant authorities through the Malaysian Palm Oil Association or East Malaysian Planters Association on unfavourable worker policies. 5. Initiate strategic deployment of harvesters from replanting areas to cover other tall palm areas when there is worker shortage.
Prolonged drought in Peninsular Region, heavy rainfall and floods in Sabah and Indonesia Regions, which impacted crop productivity and affected FFB production.	1. Accelerate mechanisation to enhance efficiency of FFB evacuation, particularly in areas with wet weather conditions. 2. Employ water conservation practices such as constructing conservation terraces, silt pits and bunds to retain soil and water. 3. Construct weirs at drainage and irrigation systems to maintain soil moisture. 4. Apply EFB as mulch to increase water holding capacity and maintain soil fertility. 5. Locate sites for water catchment areas such as unplantable steep ravines and low-lying waterlogged basins. 6. Desilt annually and improve drains to lead away excessive water during heavy rainfall.
Hike in production cost due to soaring costs of fertilisers, chemicals and diesel, which correlated with the bullish trend of CPO and PK prices. Apart from that, the minimum wage rate was increased by the Malaysian government from RM1,200 (Peninsular) and RM1,100 (Sabah) to RM1,500 from May 2022 onwards.	1. Use alternative energy sources such as biogas energy and solar power to reduce current diesel fuel consumption. 2. Revisit manuring programme in order to optimise fertiliser effect or change the type of fertiliser to boost production or to save cost. 3. Adopt more mechanisation processes to replace manual work and reduce cost in the long run. 4. Actively recruit higher-skilled workers, particularly locals, as part of our mechanisation programme to boost FFB production. 5. Speed up capital projects that directly impact and improve production and costs.
Volatility of CPO price caused by ongoing Russia-Ukraine crisis, trade friction between the United States and China, and drought in South America which affected soybean production.	1. Continuously improve operational efficiencies and productivity by implementing cost control initiatives through digitalisation and mechanisation efforts to reduce dependency on migrant workers and mitigate volatility of CPO price. 2. Diversify to other crops to mitigate risk of relying solely on palm oil. 3. Enter into forward sales contracts to minimise risk.
Outbreak of insect pests (such as nettle caterpillars), vertebrate pests (such as rats and wild boars) and diseases (such as *Ganoderma* fungus), which damaged crops and attacked oil palm trees.	1. Implement integrated pest management approaches that prioritise biological control over chemical pesticide. 2. Employ different techniques during replanting such as soil ripping and ploughing to prevent *Ganoderma* outbreak; and pulverisng trunk chips to minimise breeding of rhinoceros beetles in immature and young mature palms.
Approximately 29% of IOI's current oil palm trees are categorised as past prime (more than 21 years old and above), which are due for replanting, causing revenue and profit to be impacted by low FFB production.	1. Accelerate replanting programme by planting superior planting materials to achieve early and high yields from a young mature palm age. 2. Replant with third-generation Limited Breeding Programme materials crossed with valid progeny-tested AVROS pisifera, which are expected to generate more than 33.0 MT of FFB per ha and have potential to generate more than 8.4 MT of CPO per ha from the seventh year onwards after planting. 3. Plan a 4% systematic replanting of land area every year after the completion of our 10-year replanting programme. 4. Replant with Advanced Planting Materials aged 16 to 18 months for early maturity.

OUTLOOK & PROSPECTS

The Malaysian economy has gradually gathered momentum and surpassed expectations in the first half of 2023 as it rebounded from the pandemic-induced economic distress. The lifting of the recruitment freeze of migrant workers has slowly moderated the acute shortage of workers. Yet, CPO price has been volatile, ranging from RM3,300 to RM4,100 per MT since May 2023. We foresee CPO price to remain range-bound between RM3,500 to RM4,000 per MT until the end of the year before moving higher as a result of lower palm fruits production due to the effects of El Niño phenomenon, which is anticipated to intensify in the coming months.

For FY2024, we expect our financial performance to improve with a moderate increase in our production and oil extraction rates, coupled with the reduction in our input costs (such as fertiliser and diesel prices), mitigating the drop in CPO price from the historical high levels, which should still be significantly higher than the historical average. Palm oil supply in Malaysia is set to soar as the labour crunch eases, paving the way for a healthy increase in crop output in the second half of 2023. Hence, our production in the second half of 2023 should boost notwithstanding the adverse effects of the abovementioned El Niño phenomenon which is likely to occur from September to October, and will have minimal impact on production. Depending on the severity of the drought, any effect on palm oil yields may only be seen in six to nine months' time, and in 20 to 22 months for a significant yield cut.

Our growth would be achieved primarily through increased efficiency from our fully replenished new workers in Peninsular Malaysia and higher production from the young palm trees in our Indonesian plantations. Over in Sabah, we are accelerating our replanting programme to maintain a good age profile for sustainable growth. We expect to replant about 7.1% of our Malaysian planted area with superior planting materials in FY2024. At the same time, we are accelerating our digitalisation and mechanisation plans to progressively reduce our dependency on manual workers. Overall, we are optimistic of a satisfactory financial performance in FY2024.

GROUP BUSINESS REVIEW – RESOURCE-BASED MANUFACTURING

WHO WE ARE & WHAT WE DO

The Group's global resource-based manufacturing business, comprising our refining, oleochemical and specialty oils and fats sub-segments, plays an important role in fortifying our integrated palm value chain. It consists of downstream activities such as refining of crude palm oil ("CPO") and palm kernel oil, and processing of refined palm oil and palm kernel oil into oleochemical as well as specialty oils and fats products. With our local and international manufacturing facilities, we are well equipped to meet the needs of our customers domestically and internationally.

FINANCIAL HIGHLIGHTS

The Group's resource-based manufacturing segment profit for FY2023 was RM691.0 million as compared to RM537.3 million for FY2022. Excluding the fair value loss on derivative financial instruments of RM58.1 million (FY2022 – gain of RM32.0 million) and share of our specialty fats associate, Bunge Loders Croklaan Group BV's ("BLC") impairment loss of RM55.3 million reported in FY2022, the resource-based manufacturing segment reported an underlying profit of RM749.1 million for FY2023, which was 34% higher than the underlying profit of RM560.6 million for FY2022. The higher profit was due mainly to higher margins from the refining sub-segment, partly offset by lower margins from the oleochemical sub-segment.

REFINING

Manufacturing Facilities
2

Combined Annual Refining Capacity
1.8 million MT

Sales of Total Certified Refined Products
200,785 MT

The Group has two wholly-owned refineries in Malaysia with a combined annual capacity of about 1.8 million MT. They are strategically located in Pasir Gudang, Johor and Sandakan, Sabah, which have gateways to major shipping routes with direct port access. Both refineries are closely located to our plantation estates and mills. They produce CPO and palm kernel oil fractions for domestic and export markets as well as feedstock for the Group's downstream activities. Our refineries are Roundtable on Sustainable Palm Oil ("RSPO") and Malaysian Sustainable Palm Oil ("MSPO") certified, and our Sandakan refinery is also International Sustainability and Carbon Certification ("ISCC") certified. Our manufacturing premises have attained various national and internationally recognised quality management systems, environment management systems, food safety certifications and more. We are constantly identifying and implementing resource minimisation measures to reduce greenhouse gas ("GHG") emissions.

KEY FOCUS AREAS

- Optimise refineries' processing capacity and efficiency
- Supply consistently high-quality palm oil products that fulfil different customers' needs
- Expand certified sustainable palm oil products and low 3-MCPD and GE markets
- Maximise consumer packing capacities in various packing configurations to meet customers' requirements
- Ensure efficient supply chain management with uninterrupted supply
- Drive innovation and promote sustainable development

KEY BUSINESS HIGHLIGHTS

- The sales volume of our certified sustainable refined products was affected by huge fluctuations in palm oil demand and pricing due to geopolitical and macroeconomic factors.
- Both refineries have recorded higher sales of low 3-MCPD and GE products with stringent quality controls coupled with improved customers' demand.
- Our refineries' utilisation rates have been impacted by the supply tightness of raw materials mainly due to adverse weather conditions and slow demand in the second half of the financial year.

BUSINESS PERFORMANCE REVIEW 2023

STRATEGIC OBJECTIVES	KEY INITIATIVES	ACHIEVEMENTS IN FY2023
Drive innovation and promote sustainable development.	Continuous improvement on process and digitalisation, and reduction of GHG emissions and energy consumption.	• IOI Edible Oils Sdn Bhd and IOI Bio-Energy Sdn Bhd have won several prestigious awards at the national and ASEAN levels for their green initiatives and achievements. *Refer to our Highlights of the Year on page 12 for the full list.* • IOI Bio-Energy Sdn Bhd worked together with IOI Edible Oils Sdn Bhd to enhance the efficiency of their biomass boiler and improve steam distribution, which has led to reduced downtime from more than 100 hours to 40 hours, and cut GHG emissions by 2.08 million kg CO_2 by generating more green power. • IOI Edible Oils Sdn Bhd installed two units of 500 RT high-efficiency centrifugal chillers at two main fractionation plants, which reduced the electricity consumption from 21.77 kWh to 17.71 kWh, and upgraded each plant capacity from 800 t/d to 1100 t/d.
Expand certified sustainable palm oil products and low 3-MCPD and GE markets.	Focusing on expanding our markets for certified sustainable and value-added palm oil.	• IOI Pan-Century Edible Oils Sdn Bhd has doubled its production capacity for producing low 3-MCPD products in March 2023. • Both our refineries recorded higher sales volume in value-added refined palm products (low 3-MCPD and GE). • Sales of certified refined palm products was 200,785 MT in FY2023.
Maximise consumer packing capacities in various packing configurations to meet different customers' requirements.	Actively participate in World Food Programme tenders and expand other potential markets.	• Successfully performed 36 shipments for the United Nations World Food Programme. • IOI Pan-Century Edible Oils Sdn Bhd installed a new Bag-in-Box filling machine in May 2023.

CHALLENGES/RISKS	MITIGATION ACTIONS
Huge fluctuations in demand and prices will affect our units' sales and bottom line.	• We are consistently looking for opportunities to capture demand and lock-in positive margin whenever possible. • We will continue to increase our sales of value-added products like low 3-MCPD and GE in line with our strategic objective.
Stiff competition of raw materials will affect our plant productivity and efficiency.	• We always keep abreast of changes in market competition and adopt necessary strategies to secure more raw materials domestically and overseas whenever available.

OUTLOOK & PROSPECTS

2022 was hailed as an eventful year. We witnessed many commodity prices, including palm oil, recording historical prices due to various factors. The start of the Russia-Ukraine crisis resulted in both supply and logistics issues for many commodities produced by the two countries, for example, sunflower, wheat and fertilisers. The ban on palm oil exports by Indonesia, labour shortage issues and adverse weather conditions also contributed to the bullishness of palm oil prices.

Many of these factors have somewhat normalised like the labour issues and the end of the La Niña phenomenon. Other factors such as the El Niño phenomenon, stiff competition from Indonesian refiners who benefit from their country's CPO export duty policy, and the shifting of global central banks from quantitative easing ("QE") to quantitative tightening ("QT") in order to rein in inflation are expected to affect the refining sales and margins. Nevertheless, our efficient cost structure and capability in producing low 3-MCPD and GE oil blends, coupled with our innovative and continuous improvement stance, will give us a competitive advantage in the challenging operating environment.

OLEOCHEMICAL

Manufacturing Facilities
4

Export to Over
70 Countries Worldwide

Combined Annual Oleochemical Capacity
890,000 MT

The principal activities of the Group's oleochemical sub-segment are manufacturing and sales of fatty acids, glycerine, soap noodles and downstream oleochemical products such as fatty esters and specialty derivatives. These versatile products are used in a wide variety of applications from industrial sectors such as automotive, construction and plastic to food, nutrition, pharmaceutical and cosmetic. Our oleochemical products are exported to more than 70 countries worldwide. Our main customers are located in Japan, China, Europe and the United States ("US"), which include some of the world's most esteemed and well-known multinational corporations.

The Group's oleochemical manufacturing activities are undertaken by four manufacturing facilities - two are located in Peninsular Malaysia while another two are in Germany - with a total combined production capacity of up to 890,000 MT per annum. The Penang and Johor plants are exclusively palm oil-based whereas the plants in Germany use mainly palm oil supplemented by other vegetable oils such as coconut oil, rapeseed oil and sunflower oil. These plants complement and add value to each other through technical know-how collaborations and application of basic oleochemicals into niche derivatives.

All our manufacturing facilities are certified and accredited by globally recognised bodies in various aspects of quality and international standards compliance. Apart from ISO 9001, ISO 14001 and ISO 50001 certifications, the Penang, Johor and Wittenberge sites have obtained the Food Safety System Certification ("FSSC") 22000 on food safety management, while the Witten site is certified by the European Union-Good Manufacturing Practice ("EU-GMP") and the US Food and Drug Administration ("FDA") for the production of Active Pharmaceutical Ingredient ("API").

KEY FOCUS AREAS

- Drive business growth by increasing sales and expanding new market segments
- Enhance cost efficiency by optimising plant capacity and improving operational efficiency
- Develop niche markets by exploring new product applications and launching new products

GROUP BUSINESS REVIEW –
RESOURCE-BASED MANUFACTURING

KEY BUSINESS HIGHLIGHTS

- Our fatty acids business unit fared well with strong profit. This unit performed well in the first half of the financial year with strong profitability due to the continuation of high demand for short-chain fatty acids from last year. The demand for the rest of the product groups was considerably fair as well. However, the situation has somewhat reversed in the second half of the financial year with a marked slowdown in overall demand all over the world. Among the causes are high inventory by customers, stiff competition, inflationary pressures and high interest rate environment. As a result, overall sales volume and margins were affected by the softened global demand.
- Our soap business unit continued to underperform although sales volume has improved over the last year. We recorded higher sales from multinational customers. The intense competition from the Indonesian oleo manufacturers remained prevalent but the impact of the Indonesian palm oil duty and levy was less severe in this year compared to last year. On the production front, our new state-of-the-art soap noodles plant was successfully commissioned during the year which has extended our product portfolio.
- Our ester business unit achieved a remarkable result with better profitability than last year despite a drop in sales volume. Similar to the fatty acids business unit, sales during the first half of the year were brisk but not in the second half. Overall demand was impacted by China's export slump and weak economic performance. This has reverberated across to the neighbouring countries such as South Korea and Japan, and eventually the world in general. Our industrial and cosmetic esters sales were affected as well as the food esters albeit at a lesser extent.
- Our German business turned in yet another outstanding performance with record profit. The flagbearer business unit in our fold is the pharmaceutical business unit. Main pharma product sales were good notably in the suppositories and API segments. Contribution margin achieved was also higher on the back of favourable raw material prices whilst new high-potential pharma products were being evaluated by more and more prominent customers. The personal care business unit recorded good sales of high-margin products too. The exception is the nutrition business unit due to the falling price of its main product. Lastly, a positive development is seen in the EU energy sector. The energy crisis has abated and as a consequence, utility costs have normalised since the second half of the financial year.

BUSINESS PERFORMANCE REVIEW 2023

STRATEGIC OBJECTIVES	KEY INITIATIVES	ACHIEVEMENTS IN FY2023
Drive business growth	• Optimising plant manufacturing capacity. • Enhancing cost efficiency through plant automation and digitalisation. • Embarking on energy efficiency and water recycling projects. • Revamping and replacing aging equipment. • Embarking on new fatty acid and soap noodles plants expansions. • Filing patents for new product applications. • Developing new product formulations in CARE Studio.	**IOI Oleochemical Industries Berhad, Penang:** • Successfully commissioned new fatty acid and glycerin plants. • Reduced waste disposal by installing sludge dryer. **IOI Pan-Century Oleochemicals Sdn Bhd, Johor:** • Successfully commissioned a new soap noodles plant which has a usage of less than 50% of energy consumption and minimal wastage. • Successfully installed solar photovoltaic panel on the rooftop of the main office building which generates sustainable green energy and reduces GHG emissions. • Successfully commissioned a water jet vacuum system in the soap noodles plant. • Introduced a new soap noodles product that targets developing countries to enable access to affordable specialty products. **IOI Oleo GmbH, Germany:** • Successfully filed a patent for Tricaprylin Powder for food and cosmetic applications, and a patent family for Polyglycerol Esters to be used in Expanded Polystyrene ("EPS") applications. • Developed 14 new formulations for personal care and cosmetic applications – 10 were launched in FY2023 and a further four will be launched in FY2024. • CARE Studio launched SOFTISAN® MagicPOWDER S, a cold-processable transforming ingredient allowing the formation of simple powder to emulsion.
Enhance cost and plant efficiency		
Develop new products/ formulations		

CHALLENGES/RISKS	MITIGATION ACTIONS
Risk of declining sales.	• Seek new business opportunities and expand customer base globally.
Risk of eroding contribution margin.	• Focus on high-margin products.
Risk of increase in production cost due to inflationary factors.	• To implement new energy conservation projects and management programmes to optimise natural gas, electricity and steam consumption.

OUTLOOK & PROSPECTS

The global economic outlook is pointing to a slower economic growth under the weight of high inflation and the tightening monetary policies led by the US and EU. The outlook for our oleochemical sub-segment remains subdued amid the weak global economic environment and rising geopolitical tensions that undermine the global trade. Despite these challenges, the expected better demand from China will help to alleviate some of the global demand slowdown.

In addition, we will remain steadfast and focus on protecting our market share and key customers whilst continuing to seek pockets of growth opportunities in selective segments where we are strong, namely the pharmaceutical and personal care businesses. Concurrently, we will continue to drive for cost efficiency and productivity, namely through our new fatty acid and soap noodles plants, which will help to lower our production cost and give us the flexibility to tailor our products to meet customer requirements. The recent drop in the energy costs, i.e., natural gas in Germany and Malaysia, also augurs well for our plant processing cost.

SPECIALTY OILS & FATS

Our associate company, Bunge Loders Croklaan Group BV ("BLC") is a leading global producer and supplier of sustainable plant-based specialty oils and fats for the food manufacturing and food service industry globally, and its products are used in a variety of applications from bakery and confectionery to culinary and infant nutrition. Oils and fats are indispensable ingredients that shape taste, nutrition and culinary experience and BLC's specialty oils and fats solutions meet evolving dietary needs and trends, delivering the functionality that the food and nutrition industry demands, and satisfying the diverse tastes of consumers in every part of the world.

Our partnership with Bunge Limited ("Bunge") to build BLC into a global leader in oil and fat ingredients for B2B customers and supplier of choice for many food manufacturers, bakeries, restaurants and food service operators has culminated to its unmatched global presence, with differentiated and comprehensive product offerings based on tropical and seed oils and world-class formulation and application capabilities.

We anticipate improved performance for BLC in FY2024, driven by the newly acquired refinery facility in North America and the introduction of innovative product applications. In addition, its performance is less dependent on global economic growth as demand for food is more resilient.

GROUP OVERVIEW
KEY MESSAGES
STRATEGIC VALUE CREATION
STRATEGIC PROGRESS
PERFORMANCE REVIEW
GOVERNANCE
FINANCIAL REPORT
ADDITIONAL INFORMATION

BUILDING A CULTURE OF SUPPORT & GROWTH FOR ALL

At IOI, we believe in building a culture of support and growth that embraces all stakeholders. Our dedication extends beyond our employees, and encompasses our customers, suppliers, local communities and society at large. By prioritising the needs and well-being of each stakeholder group, we strive to foster long-term partnerships and practices that drive sustainable growth and create shared value that extends beyond short-term gains. Our approach to sustainable growth, which covers the collective responsibility of good Environmental, Social and Governance ("ESG") practices in IOI, will help to build a more diverse, equitable and inclusive future for everyone.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive

Lee Yeow Seng
Non-Independent Non-Executive Director

Tan Sri Dr Rahamat Bivi binti Yusoff
Independent Non-Executive Director

Cheah Tek Kuang
Non-Independent Non-Executive Director

Dr Nesadurai Kalanithi
Independent Non-Executive Director

Dato' Kong Sooi Lin
Independent Non-Executive Director

Lim Tuang Ooi
Independent Non-Executive Director

Datuk Zurinah binti Pawanteh
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Kong Sooi Lin
Chairman

Tan Sri Dr Rahamat Bivi binti Yusoff

Cheah Tek Kuang

Lim Tuang Ooi

GOVERNANCE, NOMINATING AND REMUNERATION COMMITTEE

Tan Sri Dr Rahamat Bivi binti Yusoff
Chairman

Cheah Tek Kuang

Dr Nesadurai Kalanithi

BOARD SUSTAINABILITY COMMITTEE

Dr Nesadurai Kalanithi
Chairman

Dato' Kong Sooi Lin

Datuk Zurinah binti Pawanteh

COMPANY SECRETARY

Tan Choong Khiang
(SSM PC 201908000048)
(MAICSA 7018448)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Lebuh IRC, IOI Resort City
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Email ioicosec@ioigroup.com

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Chartered Accountants
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SHARE REGISTRAR

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THE ADMINISTRATION AND POLLING AGENT

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47800 Petaling Jaya
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Malaysia
Tel +60 3 7721 3388
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Fax +60 3 7721 3399

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

STOCK CODE

1961

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

MYL1961OO001

WEBSITES

www.ioigroup.com

www.ioioleo.com

EMAIL ADDRESS

corp@ioigroup.com

PROFILE OF DIRECTORS

Board Committee: Committee Chairman; Committee Member
ARMC Audit and Risk Management Committee
GNRC Governance, Nominating and Remuneration Committee
BSC Board Sustainability Committee

TAN SRI PETER CHIN FAH KUI
Independent Non-Executive Chairman

Nationality	Age	Gender	Board Committee
Malaysian	78	Male	–

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
1 December 2014	8 years 10 months

Qualification
- Barrister-at-Law from Gray's Inn, London

Relevant Experience
- Special Advisor to Malaysian Green Technology and Climate Change Centre ("MGTC")
- Chairman of MGTC from 7 April 2015 to 6 April 2018
- Member of Parliament for Lambir and Miri constituencies in Sarawak from 1986 to 2013
- Held various senior appointments in the Malaysian Government Administration from 1986 until his retirement in May 2013 (including the positions of Federal Minister, Federal Deputy Minister and Federal Parliament Secretary for the Ministry of Energy, Green Technology and Water, Ministry of Plantation Industries and Commodities, Ministry of Housing and Local Government, Ministry of Science, Technology and the Environment and Ministry of Welfare Services respectively)
- Chairman for Miri Municipal Council in 1984

Directorship of Other Listed Issuers/Public Companies

Other Listed Issuer
– None

Non-Profit Public Companies
– Trustee of IOI Foundation *(formerly Yayasan Tan Sri Lee Shin Cheng)*
– Trustee of Platonic Foundation

Other Public Company
– None

DATO' LEE YEOW CHOR
Group Managing Director and Chief Executive

Nationality	Age	Gender	Board Committee
Malaysian	56	Male	–

Date of Appointment
25 April 1996

Qualification
- LLB (Honours), King's College, London
- Bar Finals, Gray's Inn, London
- Postgraduate Diploma in Finance and Accounting, London School of Economics

Relevant Experience
- Chairman of the Malaysian Palm Oil Association since 2020
- Chairman of the Malaysian Palm Oil Council ("MPOC") from 2009 to 2020
- Board member of Central Bank of Malaysia from 2015 to 2018
- Board member of Malaysian Green Technology Corporation from 2011 to 2013
- Served on the National Council of the Real Estate and Housing Developers' Association Malaysia as its Secretary General from 2002 to 2006
- Served in the Malaysia Attorney General's Chambers and the Malaysia Judiciary Service for four (4) years from 1990 to 1994, last posting being a Magistrate

Directorship of Other Listed Issuers/Public Companies

Other Listed Issuers
– Non-Independent Non-Executive Director of IOI Properties Group Berhad ("IOIPG")
– Non-Independent Non-Executive Director of Bumitama Agri Ltd

Non-Profit Public Companies
– Trustee of IOI Foundation *(formerly Yayasan Tan Sri Lee Shin Cheng)*
– Trustee of Platonic Foundation

Other Public Companies
– Non-Executive Director of IOI Properties Berhad
– Director of IOI Oleochemical Industries Berhad
– Director of Unico-Desa Plantations Berhad
– Director of Dynamic Plantations Berhad

PROFILE OF DIRECTORS

Board Committee: Committee Chairman; Committee Member; ARMC Audit and Risk Management Committee; GNRC Governance, Nominating and Remuneration Committee; BSC Board Sustainability Committee

LEE YEOW SENG
Non-Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	44	Male	–

Date of Appointment
3 June 2008

Qualification
- LLB (Honours), King's College, London
- Barrister-at-law from Bar of England & Wales, Inner Temple

Relevant Experience
- Involved in corporate affairs and general management within IOI Group prior to the demerger and listing of IOIPG
- Served at the London and Singapore offices of a leading international financial services group for approximately two (2) years

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuer
– Chief Executive Officer of IOIPG

Non-Profit Public Companies
– Trustee of Platonic Foundation
– Trustee of IOIPG Foundation Berhad

Other Public Companies
– Executive Director of IOI Properties Berhad
– Director of Resort Villa Golf Course Berhad
– Director of Property Village Berhad

TAN SRI DR RAHAMAT BIVI BINTI YUSOFF
Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	65	Female	GNRC ARMC

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
15 August 2017	6 years 1 month

Qualification
- Ph.D. in Political Science and International Relation, Australian National University
- Master of Economics, University of Western Michigan, United States of America
- Bachelor of Social Science (Economics) (Honours), Universiti Sains Malaysia
- Diploma in Public Administration, Institute of Public Administration ("INTAN"), Malaysia

Relevant Experience
- Member of the Advisory Council of Asian Development Bank Institute
- Chairman of Malaysia Nuclear Power Corporation
- Chairman of Perbadanan Insurans Deposit Malaysia
- Co-Chairperson of Malaysia-Thailand Joint Authority
- Director General of Economic Planning Unit ("EPU") from 2011 to June 2017
- Undersecretary of Economics Division of Ministry of Finance ("MOF") in 2006 and promoted to Director, Budget Division of MOF in 2008 and Deputy Secretary General (Systems & Controls) of MOF in 2011
- Served as Principal Assistant Director, Section Industry and Services in 2001 and seconded to the Energy Commission as Director in June 2002
- Assistant Director, Macroeconomic and Evaluation Section of EPU in Prime Minister's Department from 1991 to 1993. Promoted to the position of Principal Assistant Director, Macroeconomic and Evaluation in 1994 and held the position until 2000
- Project Officer in Institute of Public Administration from 1988 to 1991
- Assistant Secretary (Tax, Contract and Supply Divisions) in the MOF from 1981 to 1988

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuer
– None

Non-Profit Public Company
– None

Other Public Company
– None

CHEAH TEK KUANG
Non-Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	76	Male	GNRC ARMC

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
22 August 2012	11 years 1 month

Qualification
- Bachelor of Economics, University of Malaya
- Fellow of Asian Institute of Chartered Bankers

Relevant Experience
- Member of the Appeals Committee of Bursa Malaysia Securities Berhad from 2014 to 2022
- Director of Velesto Energy Berhad from May 2013 to May 2019
- Member of Kumpulan Wang Persaraan (Diperbadankan)'s Investment Panel from 2007 to 2016
- Appointed as Group Managing Director of AMMB Holdings Berhad on 1 January 2005 until his retirement in April 2012
- Director of Bursa Malaysia Berhad from 2004 to 2012
- Board member of Employees Provident Fund from 1996 to 2007 and served in its Investment Panel from 2007 to 2009
- Joined AmInvestment Bank Berhad in 1978 and was promoted to Managing Director in 1994
- Joined Malaysian Industrial Development Authority in 1970

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuers
– Independent Non-Executive Director of Eco World International Berhad
– Independent Non-Executive Director of UPA Corporation Berhad
– Independent Non-Executive Director of A-Rank Berhad

Non-Profit Public Companies
– Director of Malaysian Institute of Art
– Governor of Yayasan Bursa Malaysia

Other Public Company
– Independent Non-Executive Director of Berjaya Hartanah Berhad

DR NESADURAI KALANITHI
Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	66	Female	BSC GNRC

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
8 July 2021	2 years 2 months

Qualification
- Ph.D. in Biochemistry and Molecular Biology, University of Reading, United Kingdom
- Master of Science in Food Science, University of Reading, United Kingdom

Relevant Experience
- Advisor to Barbados Investment & Development Corporation since June 2022
- Co-founder of Climate Governance Malaysia, an affiliate of World Economic Forum in 2019
- Independent Director of FGV Holdings Berhad from 2018 to 2021
- Minister at the Malaysia Embassy based in Brussels, Belgium and was the Regional Manager for Malaysian Palm Oil Board ("MPOB") in Europe from 2013 to 2017
- Founding member of the Malaysian Chapter of the Society for Free Radical Research ("SFRR") and was the Past-President for SFRR Asia in 2009
- Director of Product Development and Advisory Services in MPOB from 2008 to 2012
- Visiting Fellow, Center for Animal Biotechnology, University of Melbourne, Australia between 2003 to 2004
- Senior Principal Research Scientist and Head of Nutrition Group in MPOB in 2000

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuer
– Independent Non-Executive Director of Tan Chong Motor Holdings Berhad

Non-Profit Public Company
– None

Other Public Company
– None

PROFILE OF DIRECTORS

Board Committee: Committee Chairman | Committee Member | ARMC Audit and Risk Management Committee | GNRC Governance, Nominating and Remuneration Committee | BSC Board Sustainability Committee

DATO' KONG SOOI LIN
Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	62	Female	ARMC (Chairman) BSC (Member)

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
16 February 2022	1 year 7 months

Qualification
- Bachelor of Commerce (Honours), University of New South Wales, Australia
- Chartered Accountant of Malaysian Institute of Accountant ("MIA")
- Chartered Banker of Asian Institute of Chartered Bankers
- Fellow of Certified Practising Accountants Australia

Relevant Experience
- Has over thirty (30) years of investment banking experience and has extensive equity and debt transaction expertise, having advised on numerous highly profiled and industry-shaping corporate exercises in Malaysia and Asia Pacific
- Began her career with Ernst & Whinney (now known as Ernst & Young) and Arthur Anderson & Co. Subsequently, joined Bumiputra Merchant Bankers Berhad under Corporate Banking in 1989
- Joined CIMB Investment Bank Berhad ("CIMB Investment Bank") in 1994, and had been with CIMB Group Holdings Berhad ("CIMB Group") for twenty-five (25) years until her retirement from CIMB Investment Bank as its Chief Executive Officer in March 2019
- Throughout her tenure with CIMB Group, she had contributed significantly to entrenching CIMB Investment Bank as one of the top investment banking houses domestically and across ASEAN countries
- Held various senior positions within CIMB Group which include Group Head of Investment Banking Division for the Asia Pacific region, Group Head of Private Banking, Head of Senior Bankers Group, Chairperson of CIMB Private Limited Sri Lanka and Commissioner on the Board Commissioners of CIMB Securities Indonesia

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuers
- Independent Non-Executive Director of AMMB Holdings Berhad
- Independent Non-Executive Director of Eco World International Berhad
- Independent Non-Executive Director of PMB Technology Berhad

Non-Profit Public Company
- None

Other Public Company
- Independent Non-Executive Director of AmInvestment Bank Berhad

LIM TUANG OOI
Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	61	Male	ARMC (Member)

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
18 July 2023	2 months

Qualification
- Member of Institute of Chartered Accountants in England and Wales
- Certified Public Accountant of Malaysian Institute of Certified Public Accountants
- Member of MIA

Relevant Experience
- Senior Adviser and Director of Investment Risk and Governance at Khazanah Nasional Berhad from March 2019 to July 2021
- Senior General Manager and Head of the Risk Management Division (Chief Risk Officer) of Employees Provident Fund from 2007 to 2019
- Chief Financial Officer of Hong Long Bank Berhad from 2005 to 2007
- Served in various roles in Citibank Berhad/Citigroup from 1989 to 2004, last position being Country Credit/Risk Director and Senior Credit Officer
- Spent six (6) years in KPMG Malaysia from 1982 to 1987 where he qualified as a Chartered Accountant and Certified Public Accountant and worked in the areas of audit, taxation and consultancy

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuer
- None

Non-Profit Public Company
- None

Other Public Companies
- Independent Non-Executive Director of Allianz General Insurance Company (Malaysia) Berhad
- Independent Non-Executive Director of Sumitomo Mitsui Banking Corporation Malaysia Berhad

DATUK ZURINAH BINTI PAWANTEH
Independent Non-Executive Director

Nationality	Age	Gender	Board Committee
Malaysian	60	Female	BSC (Member)

Date of Appointment	Length of Tenure as Director (as at 29 September 2023)
1 September 2023	1 month

Qualification
- Master of Business Administration from MARA Technology University
- Bachelor of Science from Texas Tech University
- Diploma in Public Administration from INTAN

Relevant Experience
- Has been part of the Malaysian Administrative and Diplomatic Service since 1989 and served in prominent positions of numerous ministries and federal agencies in the Malaysian Government
- Current Chairman of the Malaysian Rubber Board ("MRB")
- Former Secretary General for the Ministry of Plantation and Commodities, Ministry of Energy and Natural Resources, as well as Ministry of Water, Land and Natural Resources
- Former Chairman of the Forest Research Institute of Malaysia and MyPower Corporation
- Former Director/Trustee for the MPOB, MPOC, MRB, Malaysian Timber Industries Board, National Kenaf and Tobacco Board, Malaysian Rubber Council and Rubber Industry Smallholders Development Authority. On a global scale, had represented Malaysia as a Director in the International Rubber Consortium
- Former Trustee of the Malaysia Forest Fund, as well as a former Director of the Sustainable Energy Development Authority and Pengurusan Aset Air Berhad

Directorship of Other Listed Issuers/Public Companies
Other Listed Issuer
- None

Non-Profit Public Company
- None

Other Public Company
- None

Notes:
1. Dato' Lee Yeow Chor ("Dato' Lee") is deemed as a substantial shareholder of Bumitama Agri Ltd ("BAL") by virtue of the Company's indirect 32.1% equity interest in BAL. BAL's engagement in the oil palm plantation business does not present a real conflict of interest ("COI"), as all of BAL's plantations are located in Indonesia and the crude palm oil produced by BAL are not sold to any of the Company or its subsidiaries (the "Group"). To ensure that all potential COI issues are properly addressed, BAL's board of directors had set up a Conflicts Resolution & Enterprise Risk Management Committee comprising not less than three (3) members, all of whom are independent directors.
2. Dato' Lee and Mr Lee Yeow Seng are members of the immediate family. Their sisters, i.e. Ms Lee Yoke Har and Ms Lee Yoke Ling, are privately engaged in the oil palm plantation business through certain privately owned companies. The engagement in the said business by the sisters do not present a real COI to the Group, due to the fact that (i) they are not involved in the day-to-day operations of such private business, (ii) they are not the Directors of the Group, (iii) the crops produced are not sold to any of the mills owned by the Group, and (iv) the size and scale of plantations owned by the private companies are relatively small compared to the Group.
3. The Group has a banking relationship with Sumitomo Mitsui Banking Corporation Malaysia Berhad ("Sumitomo") of which Mr Lim Tuang Ooi ("Mr Lim") is an Independent Non-Executive Director. Mr Lim's directorship in Sumitomo will not pose any real COI to the Group, in view that Mr Lim is not involved in management decisions involving services provided by Sumitomo to the Group. Nevertheless, to prevent any COI issues in future, Mr Lim will abstain from all Board deliberations and voting on matters relating to Sumitomo.
4. Save as disclosed in items (1), (2) and (3), none of the Directors has:
   (a) any family relationship with any Directors/major shareholders of the Company;
   (b) any conflict of interest (including in any competing business) with the Group;
   (c) any conviction for offences (other than traffic offences) within the past five (5) years; and
   (d) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2023.
5. Details of Board meeting attendance of each Director in the financial year ended 30 June 2023 are disclosed in the Corporate Governance Overview Statement in this Annual Report.

SENIOR MANAGEMENT TEAM

The management team is headed by Dato' Lee Yeow Chor. He is assisted by the following senior management team:

DATO' LEE YEOW CHOR
Group Managing Director and Chief Executive

SUDHAKARAN A/L NOTTATH BHASKARAN
Plantation Director

TAN KEAN HUA
Executive Director

HANS PETER FITCH
Chief Executive Officer

KONG KIAN BENG
Group Chief Financial Officer

LIM JIT UEI
Head of Group Commodity Marketing

PLANTATION

Sudhakaran a/l Nottath Bhaskaran
Plantation Director

Subramaniam a/l Arumugam
Head of Plantations, Indonesia

OLEOCHEMICAL

Tan Kean Hua
Executive Director

Koo Ping Wui
Chief Operating Officer, Johor

Thomas Kummer
Chief Operating Officer, Germany

Teoh Bak Moi
Senior General Manager (Operation), Penang

COMMODITY MARKETING

Lim Jit Uei
Head of Group Commodity Marketing

REFINERY

Shyam a/l M. K. Lakshmanan
General Manager

PALM WOOD

Hans Peter Fitch
Chief Executive Officer

CORPORATE

Kong Kian Beng
Group Chief Financial Officer

Dr Surina binti Ismail
Group Head of Sustainability

Tan Choong Khiang
Company Secretary

Amir Mohd Hafiz bin Amir Khalid
Head of Group Strategy

Ling Kea Ang
Head of Group Internal Audit

Lee Chin Huat
Head of Group Business System and Information Technology

PLANTATION

SUDHAKARAN A/L NOTTATH BHASKARAN
Plantation Director

Nationality	Malaysian
Age	63
Gender	Male
Date of Appointment to Current Position	1 July 2017

Qualification

- Honours Degree in Mechanical Engineering from University of Technology Malaysia
- Diploma in Palm Oil Mill Engineering from Malaysian Palm Oil Board ("MPOB")

Relevant Experience

Mr Sudhakaran started his career in Felda Mills Corporation as a Mill Engineer and later joined Unilever Plantations where he held several positions which include Mill Manager, Estate Manager and General Manager of Plantations. He joined IOI Group in 2003 as General Manager of Sandakan Refinery and later assumed the position of General Manager of Sandakan Plantations before his posting to Head Office as Senior General Manager, Plantations Division. He was subsequently promoted to Plantation Director on 1 July 2017.

Directorship in Other Public Companies

- Dynamic Plantations Berhad
- Unico-Desa Plantations Berhad

SUBRAMANIAM A/L ARUMUGAM
Head of Plantations, Indonesia

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment to Current Position	1 March 2018

Qualification

- Bachelor of Science (Agribusiness) from University Pertanian Malaysia

Relevant Experience

Mr Subramaniam has over thirty-five (35) years of working experience in the plantation industry and held positions of General Manager as well as Regional Controller in various big plantation companies in Malaysia and Indonesia. Prior to joining IOI Group, he was the Regional Controller at Sinarmas (Golden Agri-Resources Ltd).

Directorship in Other Public Companies

- Nil

OLEOCHEMICAL

TAN KEAN HUA
Executive Director

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment to Current Position	1 April 2011

Qualification

- Executive MBA from University of Bath - Malaysian Institute of Management
- First Class Honours Degree in Chemical Engineering from University of Malaya
- Fellow of Institution of Chemical Engineers, United Kingdom (FIChemE)
- Chartered Engineer of The Engineering Council, United Kingdom (CEng)

Relevant Experience

Prior to joining IOI Group in 2004, Mr Tan held a senior marketing position in an oleochemicals multinational company. He was the Chairman of Malaysian Oleochemical Manufacturers Group ("MOMG") from March 2010 to March 2017. He also held the chair of ASEAN Oleochemical Manufacturers Group twice during his MOMG Chairmanship. He was a Board Member of the Board of MPOB for three (3) terms - from May 2010 to May 2017.

Directorship in Other Public Companies

- IOI Oleochemical Industries Berhad

SENIOR MANAGEMENT TEAM

OLEOCHEMICAL

KOO PING WUI
Chief Operating Officer, Johor

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment to Current Position	3 February 2020

Qualification

- Master in Business Administration from Open University of Malaysia
- Diploma in Marketing from Marketing Confederation of Australia

Relevant Experience

Prior to joining IOI Oleochemical Industries Berhad ("IOI Oleochemical") Division, Mr Koo has worked in the pharmaceutical and medical supplies industry for sixteen (16) years. He joined IOI in 2003 and headed sales and marketing teams in various subsidiaries within IOI Oleochemical Division. Before his appointment as Chief Operating Officer in Johor in 2020, he was the Chief Marketing Officer in IOI Oleo GmbH based in Hamburg, Germany since 2017.

Directorship in Other Public Companies

- Nil

TEOH BAK MOI
Senior General Manager (Operation), Penang

Nationality	Malaysian
Age	53
Gender	Male
Date of Appointment to Current Position	1 January 2023

Qualification

- Bachelor Degree in Chemical Engineering (Hons) from University of Malaya

Relevant Experience

Mr Teoh has been working in the oleochemical industry for more than twenty-five (25) years, with vast experience in project management, plant construction and operation. Currently based in Prai, Penang, he was previously the General Manager, Engineering & Ester Operation before being promoted to his current position on 1 January 2023.

Directorship in Other Public Companies

- Nil

THOMAS KUMMER
Chief Operating Officer, Germany

Nationality	German
Age	54
Gender	Male
Date of Appointment to Current Position	16 February 2016

Qualification

- Bachelor of Chemical Production and Management

Relevant Experience

Prior to IOI Group taking over the business from the former owner in 2016, Mr Thomas held a senior operation position in the former organisation and has more than twenty-one (21) years of experience in the oleochemical business in different management positions.

Directorship in Other Public Companies

- Nil

COMMODITY MARKETING

LIM JIT UEI
Head of Group Commodity Marketing

Nationality	Singaporean
Age	48
Gender	Male
Date of Appointment to Current Position	3 August 2015

Qualification

- Bachelor of Science in Real Estate (Honours) from National University of Singapore

Relevant Experience

Mr Lim has more than twenty-one (21) years of experience in the trading of agricultural commodities with leading commodity companies. Prior to joining IOI Group, he was the Regional Procurement Manager (Commodities) for a global food ingredients manufacturer. He also sits on the Management Board of the Palm Oil Refiners Association of Malaysia.

Directorship in Other Public Companies

- Nil

REFINERY

SHYAM A/L M. K. LAKSHMANAN
General Manager

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment to Current Position	1 February 2013

Qualification

- Master's Degree in Manufacturing Systems Engineering from University of Warwick
- Chartered Chemical Engineer, United Kingdom

Relevant Experience

Mr Shyam is a Professional Engineer. He is also a Registered Electrical Energy Manager, and leads the Company's efforts in environment conservation and in mining resource utilisation. As a Chartered Scientist, he guides the Research and Development function at Sandakan Refinery to minimise the content of contaminants such as 3-Monochloropropanediol Ester (3-MCPD), Glycidyl Ester (GE), Mineral Oil Saturated Hydrocarbons (MOSH) and Mineral Oil Aromatic Hydrocarbons (MOAH) in our products.

Directorship in Other Public Companies

- Nil

PALM WOOD

HANS PETER FITCH
Chief Executive Officer

Nationality	British
Age	61
Gender	Male
Date of Appointment to Current Position	1 July 2020

Qualification

- Bachelor of Science from University of Reading, United Kingdom

Relevant Experience

Mr Peter Fitch has vast global experience in sales, marketing, business development strategy and product development in manufacturing and timber industries.

Prior to joining IOI Group, he was the Managing Director of Segamat Panel Boards Sdn Bhd and U.C. Gravure Sdn Bhd. He was also Executive Director of Matak (M) Sdn Bhd.

Directorship in Other Public Companies

- Nil

CORPORATE

KONG KIAN BENG
Group Chief Financial Officer

Nationality	**Malaysian**
Age	**46**
Gender	**Male**
Date of Appointment to Current Position	**1 March 2021**

Qualification

- Fellow of Association of Chartered Certified Accountants
- Member of Malaysian Institute of Accountants

Relevant Experience

Mr Kong has more than twenty-five (25) years of experience in financial reporting, accounting and corporate finance. He joined IOI in March 2006 as Group Accounting Manager and has since held various senior positions before being promoted to Group Chief Financial Officer ("CFO"). His last held position was Group Financial Controller, overseeing treasury, corporate finance, taxation and investor relations functions of IOI Group. He was also the Acting Group CFO of IOI from November 2016 to September 2017. He was subsequently appointed to the position of Group CFO on 1 March 2021.

Prior to joining IOI Group, he was an Audit Manager of PricewaterhouseCoopers PLT.

Directorship in Other Public Companies

- Nil

DR SURINA BINTI ISMAIL
Group Head of Sustainability

Nationality	**Malaysian**
Age	**63**
Gender	**Female**
Date of Appointment to Current Position	**1 March 2016**

Qualification

- Ph.D. in Bioorganic Polymer from University of Akron, United States of America
- Master of Science in Polymer Organic Chemistry from University of Massachusetts
- Bachelor of Science (Honours) in Chemistry from Indiana University

Relevant Experience

Dr Surina has more than twenty-one (21) years of experience working in several multinational and large Malaysian corporations. She brings with her diverse experience in intellectual property management, research and development, corporate strategy and planning and sustainability. She has strong technical knowledge and experience in oleochemicals, palm oil, rubber products, UV coating and nanotechnology specifically in nanomaterials where she holds several international patents.

Directorship in Other Public Companies

- Nil

TAN CHOONG KHIANG
Company Secretary

Nationality	**Malaysian**
Age	**52**
Gender	**Male**
Date of Appointment to Current Position	**8 August 2011**

Qualification

- Fellow of Chartered Governance Institute
- Fellow of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")

Relevant Experience

Mr Tan is the Head of Corporate Secretarial in IOI Group and is responsible of monitoring and supervising the overall corporate secretarial functions of IOI Group. He has vast working experience in secretarial and governance practices, corporate advisory and compliance. Prior to joining IOI Group, he was an Associate Director - Corporate Services with Tricor Services (Malaysia) Sdn Bhd, where he was responsible for management and business development of their corporate secretarial and accounting service divisions.

He is the Chairman and Deputy Chairman of the National Investigation ("NIG") Sub Group B and NIG of MAICSA respectively, as well as a member at various committees at MAICSA. He was the Vice President of MAICSA and one of the representatives of MAICSA on the ASEAN Corporate Secretaries Network.

Directorship in Other Public Companies

- Nil

SENIOR MANAGEMENT TEAM

CORPORATE

AMIR MOHD HAFIZ BIN AMIR KHALID
Head of Group Strategy

Nationality	**Malaysian**
Age	**43**
Gender	**Male**
Date of Appointment to Current Position	**1 March 2021**

Qualification

- Intensive Diploma in Oil Palm Management and Technology, MPOB
- Advanced Management Programme from National University of Singapore
- Fellow of Association of Chartered Certified Accountants
- Bachelor of Arts with Honours in Accounting and Finance from Liverpool John Moores University, United Kingdom

Relevant Experience

Mr Amir Hafiz has more than twenty (20) years of experience in financial management, corporate strategy, corporate finance, mergers and acquisitions, and investor relations.

Prior to joining IOI Group, he was the Chief Financial Officer of TDM Berhad and prior to that he was with PETRONAS and Ernst & Young. Previously he had also worked abroad with BMI British Midland in the United Kingdom as an Operational Cost Analyst. He began his career as an Equity Analyst at Financial Times Interactive Data in Ireland in 2002.

Directorship in Other Public Companies

- Nil

LING KEA ANG
Head of Group Internal Audit

Nationality	**Malaysian**
Age	**55**
Gender	**Male**
Date of Appointment to Current Position	**1 July 2015**

Qualification

- Fellow of Association of Chartered Certified Accountants
- Member of Malaysian Institute of Accountants
- Member of Institute of Internal Auditors

Relevant Experience

Mr Ling is a Chartered Accountant and has more than twenty-eight (28) years of experience in external and internal auditing. Prior to joining IOI Group, he was attached to one of the Big Four international accounting firms and had acquired broad experience in the field of external and internal auditing, accounting and taxation of large publicly listed companies listed on Bursa Malaysia Securities Berhad, large multinational corporations and privately owned businesses which were involved in various business sectors of the Malaysian economy. He was also assigned to carry out internal audit and Sarbanes-Oxley Section 404 audit of multinational corporations and was also involved in other special assignments such as corporate listing and due diligence exercise.

Directorship in Other Public Companies

- Nil

LEE CHIN HUAT
Head of Group Business System and Information

Nationality	**Malaysian**
Age	**49**
Gender	**Male**
Date of Appointment to Current Position	**18 June 2018**

Qualification

- Master of Science in Information Technology from Universiti Putra Malaysia

Relevant Experience

Mr Lee has more than twenty (20) years of experience in information technology, with specialisation in business application Enterprise Resource Planning (ERP), network, infrastructure, systems and software project development in diverse exposures of different industries ranging from plantation, properties, automative, machineries, retail, merchandising to manufacturing.

Directorship in Other Public Companies

- Nil

Notes:
1. Mr Lim Jit Uei has family relationship with Dato' Lee Yeow Chor and Mr Lee Yeow Seng, both the directors and major shareholders of the Company.
2. Mr Sudhakaran a/l Nottath Bhaskaran, Mr Kong Kian Beng and Mr Lim Jit Uei are directors of certain associate companies in which the Company has direct/indirect interest. They were nominated by the Company to act as directors of such associate companies pursuant to shareholders' agreements executed by members of the associate companies (as the case may be). In view thereof, the appointments of the senior management personnel as directors of the associate companies do not pose a real conflict of interest to the Group.
3. The shareholdings of the senior management team as at 30 August 2023 are disclosed on page 116 of this Annual Report.
4. Save as disclosed in items (1), (2) and (3), none of the above senior management team members has:

   (a) any family relationship with any directors and/or major shareholders of the Company;
   (b) any conflict of interest (including in any competing business) with the Group;
   (c) any conviction for offences (other than traffic offences) within the past five (5) years; and
   (d) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement (the "Statement") provides insights into the corporate governance practices of IOI Group (the "Group") under the leadership of the Board of Directors (the "Board") for the financial year ended 30 June 2023 ("FY2023"). This Statement sets out the principles and features of the Group's corporate governance framework and highlights main areas of focus and priorities for the Board during FY2023.

At the Group, we continue to practise a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements. In the same spirit, we see governance as a matter for the Board as well as the senior management. To ensure there is an integrated Group-wide approach towards upholding high governance standards, efforts have been made to strengthen the governance structures and processes in the Group.

The cornerstone principles of corporate governance at the Group are guided by Vision IOI whereby responsible and balanced commercial success are to be achieved by addressing the interests of all stakeholders. A set of Core Values guides our employees at all levels in the conduct and management of the business and affairs of the Group. We believe that good corporate governance results in quantifiable and sustainable long-term success and value for shareholders as well as all other stakeholders, as reflected by our performance and track record over the years.

We will continue evaluating our governance practices in response to evolving best practices and the changing needs of the Group.

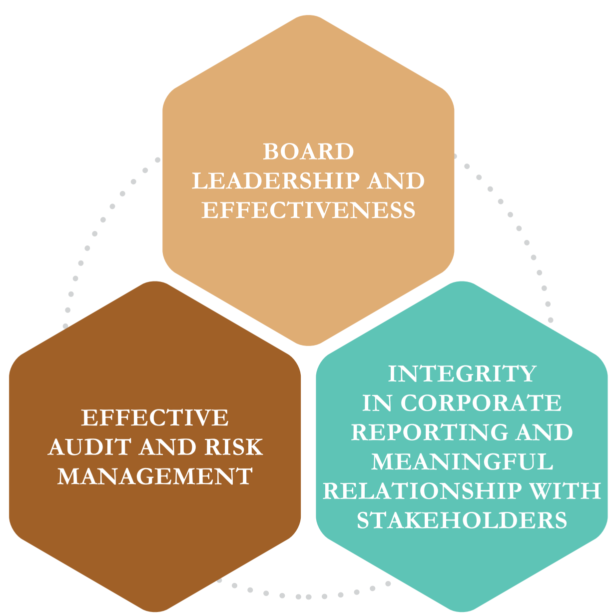
How our governance supports the delivery of our strategies

The Board is responsible for setting and reviewing the Group's strategies and policies, overseeing risk management and corporate governance, and monitoring progress towards meeting our objectives and annual plans. It is accountable to our shareholders for the proper conduct of the business and our long-term success, and represents the interests of all stakeholders. The Board also spends considerable time in assessing whether any proposed action aligns with the strategy and future direction of the business. Sustainability is inherent in the Board's strategic planning and decision-making.

The Group Managing Director and Chief Executive ("GMD"), Group Chief Financial Officer ("CFO") and senior management team take the lead in developing our strategies, which are then reviewed, constructively challenged and approved by the Board.

The role of the Board is to create long-term sustainable value for the benefit of our shareholders and our wider stakeholders. At the Group, we believe good governance provides the framework that allows us to operate our business to deliver our strategies. It keeps us focused on delivering our strategies for our stakeholders and communities. Our corporate governance framework is a value-based governance framework that takes into consideration:

- Malaysian Code on Corporate Governance ("CG Code"), Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia");
- Application of the Group's corporate culture and values that guide ethical conduct and adherence to applicable legislations and regulations;
- Our continuous improvement approach, including our commitment to strengthen all relevant aspects of our governance;
- Our governance policies and practices, including enterprise risk management framework; and
- Stakeholders reporting practices

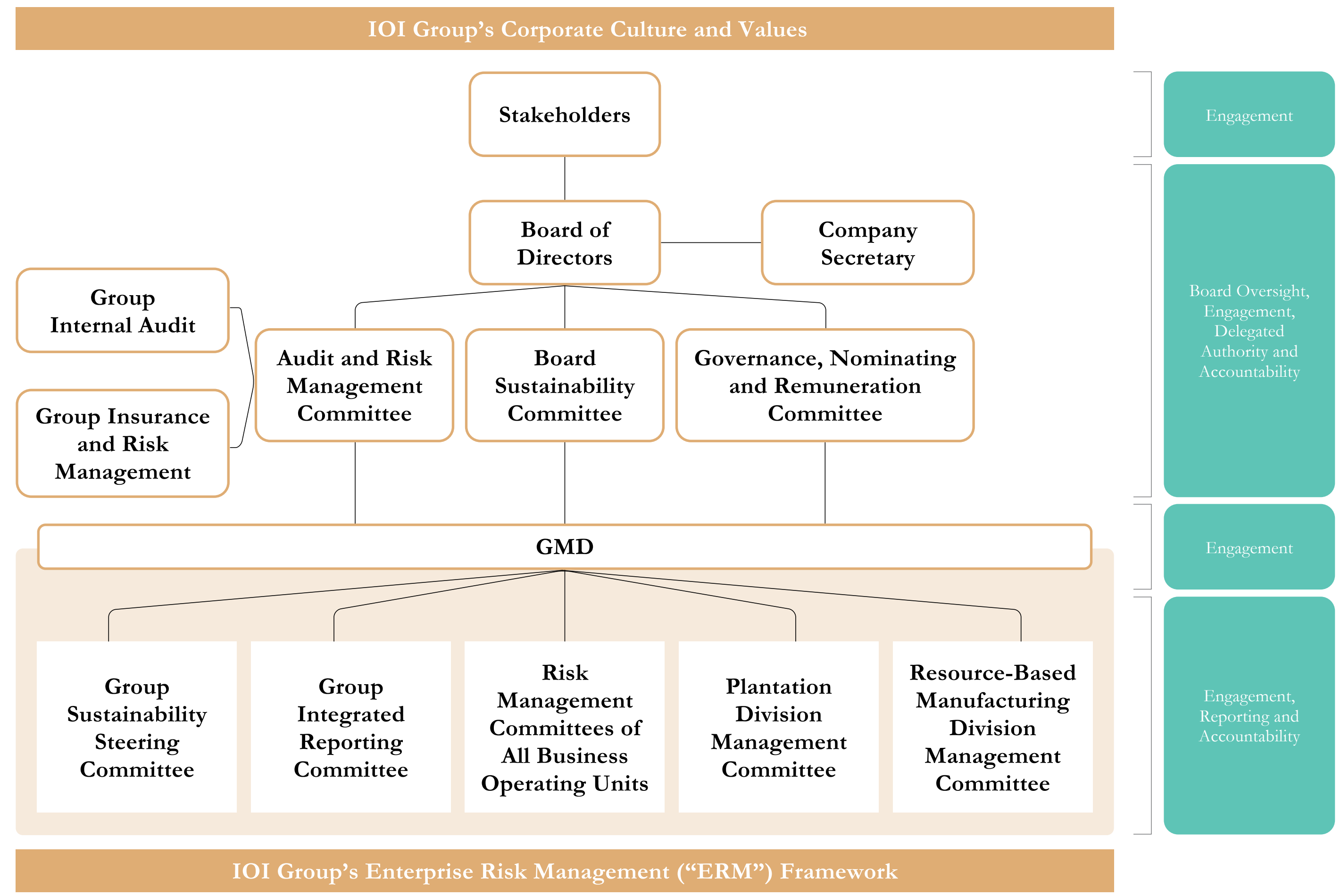


GOVERNANCE FRAMEWORK

Authority for decision making is formally delegated by the Board and flows through the Company to ensure an appropriate and consistent approach across all parts of the organisation.

In FY2023, the Board had established the Board Sustainability Committee to enable the Board to exercise better oversight over the Group's sustainability matters and Environmental, Social and Governance ("ESG") practices. This is in light of the increasingly onerous duties of the Board to ensure that the Group's sustainability activities and disclosures are in line with various sustainability frameworks, standards and requirements provided by bodies such as Bursa Malaysia, Task Force on Climate-Related Financial Disclosures, International Sustainability Standards Board and Global Reporting Initiative.

Following the establishment of the Board Sustainability Committee, our governance framework has been updated as follows:



ADOPTION OF THE CG CODE

The Company had fully adopted all applicable principles and practices of the CG Code during FY2023, save for Practice 8.2 of the CG Code where it requires the Board to disclose on a named basis the top five (5) senior management's remuneration in bands of RM50,000.

Details of how we applied the CG Code principles and complied with its practices are set out in the Corporate Governance Report ("CG Report") published on our website at https://www.ioigroup.com/governance. The explanation for departure from Practice 8.2 of the CG Code and disclosure of alternative practice are also disclosed in the CG Report.

BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership, Roles and Responsibilities

The Board is responsible for the overall leadership of the Group, including establishing its purpose, values and strategy, and satisfying ourselves as to the alignment of the Group's culture to the Group's purpose, values and strategies. An effective Board is key to the establishment and delivery of a company's strategies and we therefore continually seek to improve the effectiveness of the Board.

The Board's responsibilities include regular reviews of financial performance, critical business issues, annual budget and strategic plan taking into account ESG considerations. The Board has a schedule of reserved matters, while also delegating its authority in certain matters to its Board Committees based on the written Terms of Reference of each Board Committee. Further details on the work of the Audit and Risk Management Committee ("ARMC") and Governance, Nominating and Remuneration ("GNRC") are disclosed in the respective sections of our Annual Report. The Terms of Reference of each of the Board Committees are also available on our website at https://www.ioigroup.com/governance.

There is a formal division of responsibilities between the Board and the leadership team, promoting clear lines of accountability and oversight.

CHAIRMAN

Tan Sri Peter Chin Fah Kui

Leads the Board and is responsible for its overall effectiveness

SENIOR INDEPENDENT DIRECTOR

(Vacant)

Supports the Chairman in matters of governance and Board performance, and serves as an intermediary for other Directors

NON-EXECUTIVE DIRECTORS

Provide constructive challenge to the executive level

GMD

Dato' Lee Yeow Chor

Delegated responsibility for day-to-day management of the business and implementation of the Group's strategies

GROUP CFO

Kong Kian Beng

Provides financial leadership and support in the development and implementation of the Group's strategies

PLANTATION DIRECTOR	EXECUTIVE DIRECTOR, OLEOCHEMICAL	HEAD OF GROUP COMMODITY MARKETING
Sudhakaran a/l Nottath Bhaskaran	Tan Kean Hua	Lim Jit Uei

Oversee the success of business units through the development and implementation of the Group's strategies

Company Secretary

Mr Tan Choong Khiang was appointed to the role of Company Secretary on 8 August 2011. The Board has unfettered access to the services and advice of the Company Secretary. The Company Secretary, through the Chairman, is responsible for the following, among others:

- Advising the Board on all governance matters.
- Ensuring compliance with Board procedures and applicable rules and regulations, taking into account best practices and recommendations of the CG Code.
- Ensuring effective communication flow between the Board and its Committees, and between senior management and Non-Executive Directors.
- Facilitating communication of key decisions and policies between the Board, Board Committees and senior management.

In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretary has oversight on overall corporate secretarial functions of the Group, both in Malaysia and the regions where the Group operates. The appointment and removal of the Company Secretary is determined by the Board.

Board's Independence

During FY2023, the Board had taken the following steps to strengthen its independence in line with the recent amendments to the Listing Requirements of Bursa Malaysia:

- Changes were made to the Board Charter to ensure the tenure of all Independent Non-Executive Directors ("INED" or "INEDs") on the Board does not exceed nine (9) years.
- In September 2022, Cheah Tek Kuang had been redesignated as a Non-INED in view that his tenure as an INED of the Company had exceeded nine (9) years.
- At the 53rd Annual General Meeting held on 31 October 2022, Datuk Karownakaran @ Karunakaran a/l Ramasamy had voluntarily retired from the Board given that his tenure as an INED of the Company had exceeded nine (9) years.
- In conjunction with the above changes, the ARMC and GNRC had been re-constituted to ensure that each of the Board Committees are chaired by an INED.

Subsequent to FY2023, the Board welcomed two (2) distinguished professionals, Lim Tuang Ooi and Datuk Zurinah binti Pawanteh, who were appointed as INEDs in July and September 2023 respectively. These appointments were made with the primary objective of bolstering the independence and women representation in the Board, which is crucial for effective corporate governance.

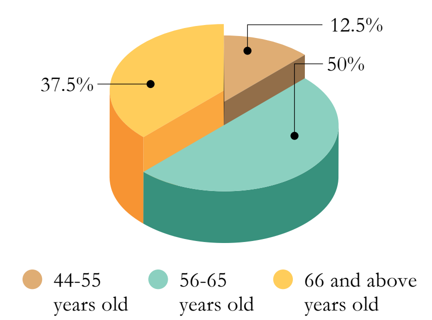
We continue to monitor situations of potential conflict of interest that may involve any Director and make recommendations to the Board as to whether such situations should be authorised and if any conditions should be attached to such authorisations. The Directors are regularly reminded of their continuing obligations in relation to conflicts and are required to review and confirm their external interests at least annually. This is essential in determining the independence of Directors.

Following due consideration, the Board determined that all INEDs continued to be independent in both character and judgement, enabling them to provide impartial, unbiased insights into the Group's affairs and deliver independent views to the Board. Each of them consistently provides objective challenge to the management and is willing to express their viewpoints for ultimate good of the Group and the best interest of all stakeholders. The INEDs maintain no business or other relationships which could affect their exercise of objective judgement.

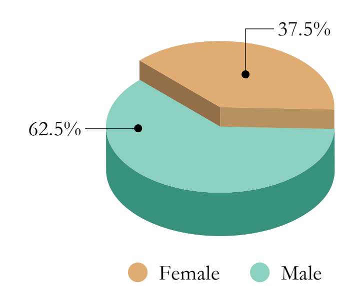
BOARD COMPOSITION (AS OF 30 AUGUST 2023)

How the Board brings a wide range of experience, skills and backgrounds which complement the Group's strategies

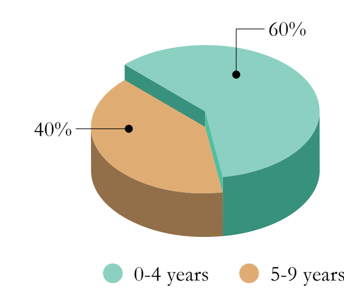
Board Age Profile



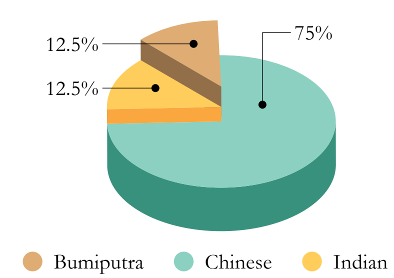
Board Gender Diversity



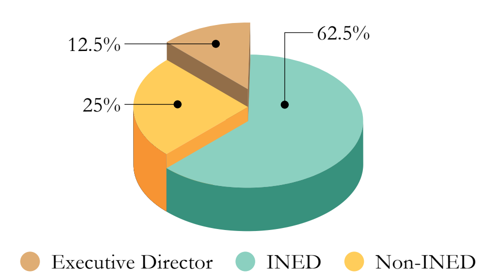
Tenure of INEDs



Board Ethnic Diversity



Board Balance and Composition



New Director Appointment and Induction

Appointments to the Board are made via a formal and transparent selection process, the flow chart of which is accessible through our website at https://www.ioigroup.com/governance.

In assessing potential candidates and in undertaking reviews of the size and composition of the Board, the GNRC takes into account the guiding principle that the Board's composition should reflect an appropriate mix, having regard to tenure, diversity, as well as skills and experience across the key areas identified in the Board skills matrix. The GNRC also takes into account the following factors:

- Relevant guidelines/legislative requirements in relation to Board composition
- Board membership requirements as articulated in the Board Charter and Terms of Reference of respective Board Committees
- Other considerations such as the Group's strategic goals

The GNRC interviews all potential candidates to make an assessment for a high level of personal and professional integrity, as well as to assess their level of commitment to the Company and availability of time to commit to their discharge of duties and responsibilities towards the Company.

The Company had adopted a Fit and Proper Policy which outlines the necessary criteria and processes for the Board through the GNRC to evaluate suitability of candidates for appointment to the Board. All potential new Directors are required to perform self-evaluation to assess their fitness and propriety, including a declaration of conflict of interest (if any), time commitment and financial standing. All Directors are expected to allocate sufficient time to their role on the Board in order to discharge their responsibilities effectively. The Board is of the view that the current external directorships held by the Directors do not give rise to any conflict of interest nor impair their ability to discharge their duties effectively and that each of them had allocated sufficient time to his or her role in order to discharge their responsibilities effectively during FY2023.

The activities of each subsidiary in the Group are overseen by that subsidiary's own board of directors. The Board's confidence in the activities of its subsidiaries stems from the quality of the directors on those subsidiary boards and their commitment to the Company's objectives.

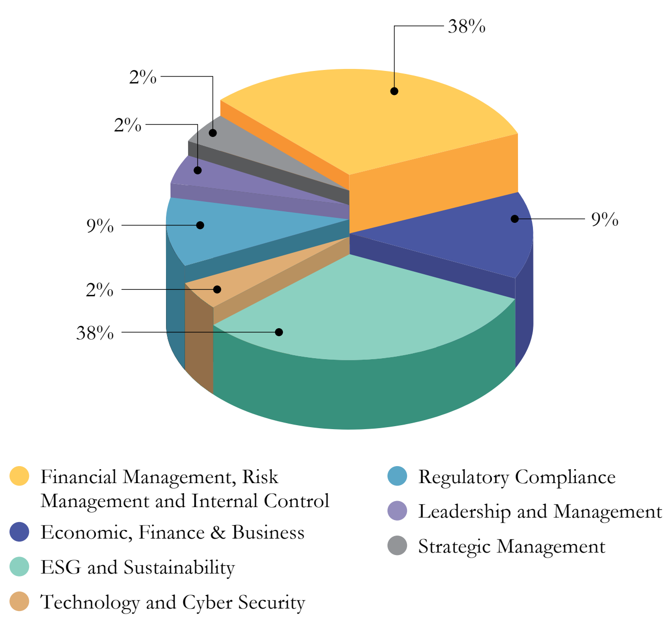
Induction programmes (including estate and plant visits) are arranged for newly appointed Directors for them to receive information about all aspects of the Group's operations, including briefings by key members of senior management. The induction process includes business area familiarisation, participation in sessions that relate to areas of interest, and topics that were pertinent to the Board Committees he or she is involved in. This includes background information on the Company and details of Board procedures, Directors' responsibilities and various governance-related issues, including procedures for dealing in the Company's shares and their legal obligations as Directors. Where necessary, this is followed up by additional meetings or information that may be requested by the new Director. Site visits are also an important part of the induction process, as well as for continuing education. It helps Directors understand the Group's activities through the direct experience of seeing our facilities and operations and by having discussions with the management.

Board Development

In order to continue to contribute effectively to the Board and Board Committee meetings, the Directors take part in ongoing training and development and they can also request specific training that they may consider necessary or useful. The diagramme below shows the key learning areas/topics attended by the Directors.

The list of training programmes attended by each Director during FY2023 is disclosed in our CG Report published at our website at https://www.ioigroup.com/governance.

Key Learning Areas/Topics



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Diversity

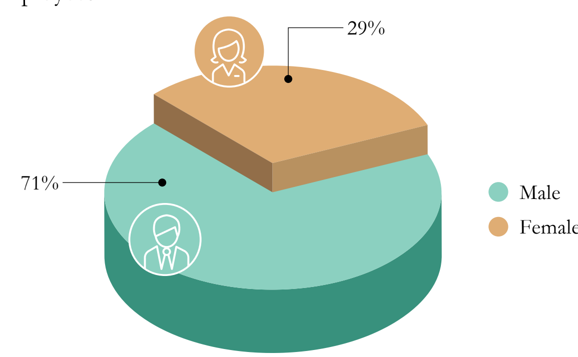
The Group recognises and embraces the benefits of a diverse Board. We have a Board Diversity Policy whereby all appointments to the Board are based on merit and objective criteria, in the context of the strategy of the Group and the diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as well as skills, knowledge and experience required for the Board to be effective. We recognise that the Board sets the tone for inclusion and diversity across the Group and believe we should have a diverse leadership team to support good decision-making.

Diversity is also integrated across our Code of Business Conduct and Ethics and associated workforce policy, and we promote a culture of diversity, respect, and equal opportunity, where individual success depends only on personal ability and contribution. We strive to treat our employees with fairness, integrity, honesty, courtesy, consideration, respect, and dignity, regardless of gender, race, nationality, age, or other forms of diversity. The Board is focused on creating an inclusive culture in line with IOI's Core Values, which we believe will lead to greater diversity throughout the Group.

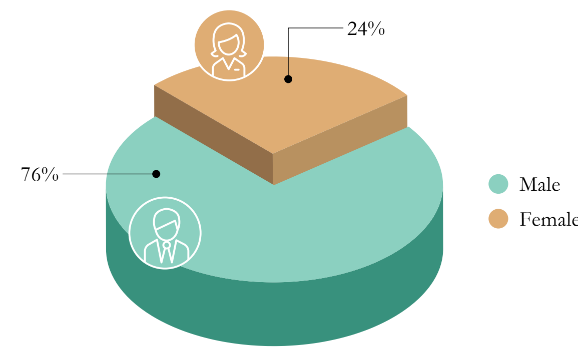
Diversity Disclosure

Gender Diversity (as of 30 August 2023)

Employees



Management (managers & above)

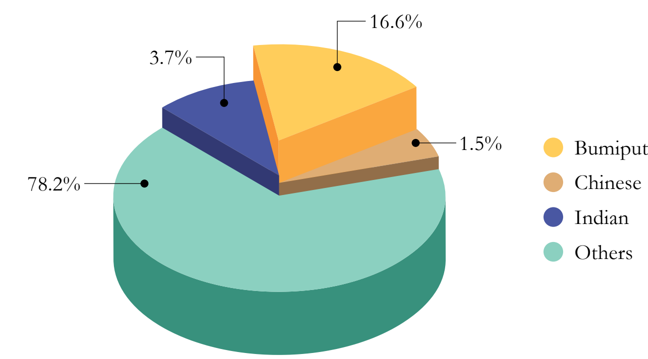


Currently, the Group does not have any specific measurable objectives for achieving gender diversity in the senior management. Nevertheless, the Group is committed to promoting a culture of diversity in the workplace by:

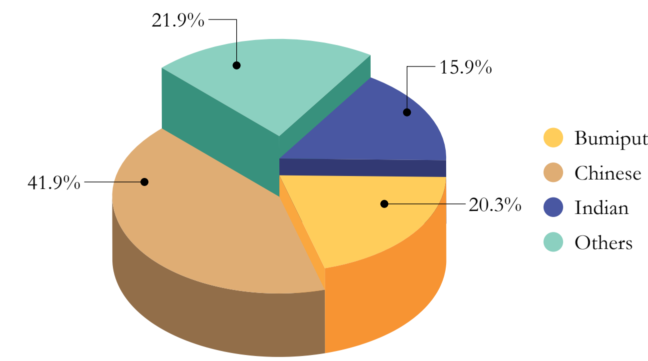
- recruiting and managing based on an individual's competence and performance;
- respecting the unique attributes that each individual brings to the workplace;
- fostering an inclusive and supportive culture to enable people to develop their full potential; and
- provide the opportunity for employees to develop skills and experience through training and mentoring programme

Ethnic Diversity (as of 30 August 2023)

Employees



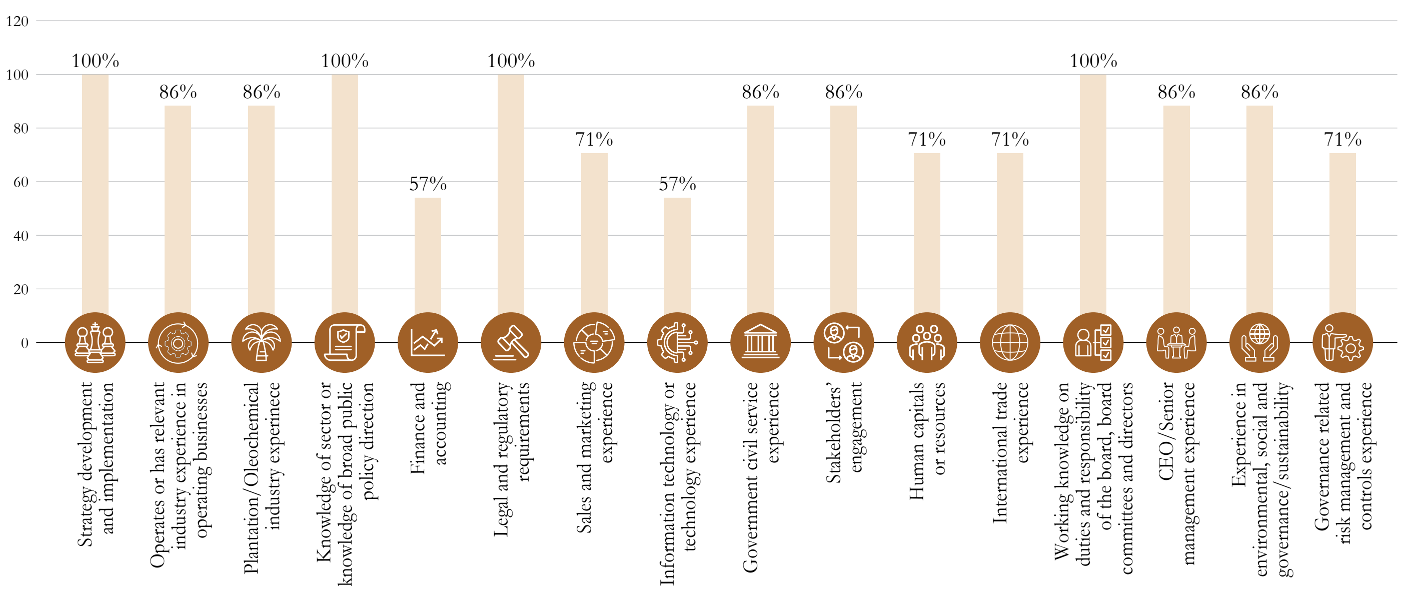
Management (managers and above)



Board Skills Matrix

The Board, through the GNRC, frequently considers the core competencies, skills, diversity and experience required for the Board to deliver its strategic aims and govern the Group effectively. The Board Skills Matrix, being an important factor in our commitment to diversity, is incorporated into Board succession planning and new Director selection process.

Each year, we undertake an assessment of the skills and experience of each Director and the combined capabilities of the Board ("Board Skills Matrix Assessment"). For FY2023, the Board Skills Matrix Assessment was conducted through self-rating questionnaires to gain an understanding of whether the Directors possess the skills, knowledge, competence and experience necessary to meet the needs of the Group. The insights from our latest Board Skills Matrix Assessment are as depicted below:



The above results demonstrate alignment of the Board's responsibilities with the current mix of skills of the Directors. The high-powered Board of IOI comprises individuals from a myriad of domains, such as industry insider expertise, legal, risk management, financial accounting, economics, banking and government relations and sustainability. Based on the latest Board Skills Matrix Assessment, the Board is of the opinion that the current mix of skills, experience and expertise of Directors enables them to provide a diverse range of views and perspectives for the effective governance, oversight and strategic leadership of the Company.

Board Evaluation

To strengthen the independence and effectiveness of the Board performance evaluation, we appoint an external independent professional or expert to carry out the Board performance evaluation once every three (3) years. In FY2023, we continued to focus on the themes highlighted in our previous reviews. In addition to the Board Skills Matrix Assessment, the Board through the GNRC had conducted an annual internal Board effectiveness evaluation, which covered the following areas:

- Performance of the Board and its Board Committees
- Processes which underpin the Board's effectiveness (including consideration of the balance of skills, experience, independence and knowledge of the Board members)
- Individual performance (considering whether each Director continues to contribute effectively and show commitment towards their role)

The Board evaluation process comprised the following steps:

1. Completion of questionnaires on effectiveness of the Board and its Committees and individual Directors
2. Collation of results and preparation of findings and actions
3. Deliberations in the GNRC and Board meetings
4. Key areas identified and action plan prepared and approved by the Board

The results of the Board evaluation were then presented to the Board where the Board noted the findings and areas that necessitated further improvements. Board members had provided feedback not only on the areas of assessment but also on areas that the Board could improve on moving forward. With reference to the actions identified and delivered from the 2022 external Board evaluation findings, these conversations were framed around the four (4) pillars of the Board's focus: strategy, performance, people and governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2022 External Board Evaluation Findings: Progress to-date

Based on the key areas of focus identified through the external evaluation process conducted during the previous financial year, we have made the following progress during FY2023:

Focus area	Response/action taken
Board composition and dynamics	The GNRC reviewed the membership of the Board and its Committees. There were few changes to the Board composition since 2021, whereby Dr Nesadurai Kalanithi, Dato' Kong Sooi Lin, Lim Tuang Ooi and Datuk Zurinah binti Pawanteh were appointed to the Board, while Datuk Karownakaran @ Karunakaran a/l Ramasamy retired in October 2022. There is also continued focus on succession planning, including the diversity of the Board.
Improving talent management and succession planning	The GNRC reviewed the succession plans for executive leadership. Talent Council of the Company was established to improve the talent management. Greater use of engagement opportunities (i.e. Board Retreat, Board and its Committee Meetings) have been created for Board members to meet with high potential talent pool during the year.
Holding a catalytic strategic immersion session for generative discussions with the senior management	In achieving our strategic priorities (2020-2024 targets), we closely monitor the performance of each strategic focus area including its key activities which are benchmarked against Key Performance Indicators, and activities planned for the future. Furthermore, a yearly Board Retreat had been included in the Board's annual routine activities.
Developing a dynamic Board Agenda that will allow Directors to explore strategic propositions in an in-depth manner	Syndication of planning for the Board's and its Committees' forward agenda with the priorities of the senior management team has increased. As a result, there is opportunity for greater alignment between the Board's areas of focus and the priorities of the senior management team.

The Board is satisfied with the Board evaluation results which indicated that each of the Directors continues to discharge their respective duties and responsibilities effectively, and that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and continue to function effectively.

Meeting Attendance in FY2023

Directors are expected to attend all Board and Board Committee meetings, unless due to certain exceptional circumstances such as pre-existing business or personal commitments. The table below shows each Director's attendance at the meetings of the Board and Board Committees in FY2023:

Members	Board		ARMC		GNRC	
Number of meetings held in FY2023	6		6		2	
Executive Director						
Dato' Lee Yeow Chor ^	6/6	**(100%)**	6/6	**(100%)**	2/2	**(100%)**
Non-Executive Directors						
Tan Sri Peter Chin Fah Kui ●	6/6	**(100%)**		–		–
Tan Sri Dr Rahamat Bivi binti Yusoff *●	5/6	**(83%)**	5/6	**(83%)**	1/1	**(100%)**
Datuk Karownakaran @ Karunakaran a/l Ramasamy *●	2/2	**(100%)**	3/3	**(100%)**	1/1	**(100%)**
Dr Nesadurai Kalanithi	6/6	**(100%)**		–	2/2	**(100%)**
Dato' Kong Sooi Lin ●	6/6	**(100%)**	6/6	**(100%)**		–
Cheah Tek Kuang	6/6	**(100%)**	6/6	**(100%)**	2/2	**(100%)**
Lee Yeow Seng	6/6	**(100%)**		–		–
Lim Tuang Ooi #		–		–		–
Datuk Zurinah binti Pawanteh #		–		–		–

● *Chairman or Committee Chairman*
^ *In his capacity as Director, and he attended (by invitation) all relevant Board and Board Committee meetings in his capacity as GMD*
* *Reflects the attendance and the number of meetings held during the period the Director held office*
# *Appointed after FY2023*

GROUP OVERVIEW
KEY MESSAGES
STRATEGIC VALUE CREATION
STRATEGIC PROGRESS
PERFORMANCE REVIEW
GOVERNANCE
FINANCIAL REPORT
ADDITIONAL INFORMATION

The Board's Activities During FY2023

The Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and corporate governance matters are discussed at the appropriate time at Board meetings. The Board deliberated and provided input to the management on the execution of the overall strategy of the Group, and reflected on that strategy with longer-term views on what could be done to build our strengths as an integrated plantation company, enhance financial resilience and deliver consistent and stronger returns through business cycles.

Key highlights of the Board's FY2023 activities and priorities are summarised as follows:

Principal matters considered by the Board in FY2023

Strategic matters	Governance, assurance & risk management	Financial & Management Performance
Oversight of the Group's performance and five (5)-year strategic priorities	Verification of U.S. Customs and Border Protection's allegation of forced labour practices	Quarterly results announcements
Sustainability material matters, Climate Change Action initiative, net zero carbon emissions targets, and European Union Deforestation Regulations update	Year-end governance reports, Sustainability Report, ARMC Report, Statement on Risk Management and Internal Control, Circular to Shareholders on renewal of Shareholders' Mandate and Share Buy-Back Statement	New investments and capital expenditure approvals
Board and management succession planning	Internal annual Board effectiveness evaluation findings	Group's annual budget, forecasts & key performance targets & indicators
Dividend decisions	Cyber security	Group's operational efficiency
Potential growth opportunities (Mergers & Acquisitions)	Board diversity	External auditors' audit findings on the Group's audited financial statements and approval thereof
Group's on-going digitalisation & mechanisation plan in the estates	Risk management and internal control reviews	Commodity trading and hedging activities
Disposal of interest in associate	ESG performance updates	
Board strategy session (Board Retreat)	Updates to the Board Charter, Fit and Proper Policy and Whistleblowing Policy	
	Quarterly internal audit findings	
	Bonus payment and remuneration packages for the GMD	
	Directors' remuneration and benefits	
	Re-constitution of Board Committees	
	Establishment of Board Sustainability Committee	
	Legal and regulatory compliance including CG Code, the Companies Act 2016 (the "Act") and listed company obligations	

Looking ahead to FY2024

The Board's governance priorities for FY2024 include:

- Refining the strategic propositions at the Board Retreat
- Continuing to provide an oversight role in Board and senior management succession planning
- Reviewing the Board Charter of the Company
- The continued implementation and operationalisation of our sustainability strategy and ensuring appropriate, accurate and transparent reporting on the progress of our ESG initiatives
- Evaluating business diversification, mergers and acquisitions, and exploring new business opportunities

The GNRC's Activities During FY2023

The GNRC's Terms of References, which are published on our website, include all matters required by the CG Code. No changes were made to the Terms of Reference during FY2023. The GNRC believes that the Board continues to have the appropriate skills, knowledge and experience to oversee the effective delivery of the Group' strategies. Key highlights of the GNRC's FY2023 activities and priorities are summarised as follows:

GNRC Activities & Focus in FY2023

Strategic	Governance	Remuneration	Nomination
Oversight of management succession including talent management system of the Group	Review of independence of INEDs	Review of Directors' remuneration and benefits for shareholders' approval	Review and recommendation of Directors standing for re-election at Annual General Meeting ("AGM")
Review of the composition of the Board and Board Committees and their dynamics	Review of the findings of the internal annual Board effectiveness evaluation	Review of bonus payment and remuneration for the GMD	Review and recommendation of the re-designation of INEDs
Review of the updates to the Board Charter and Fit and Proper Policy	Board diversity	Review of the remuneration packages of the GMD	
Re-constitution of Board Committees	Review of Key Executive Performance Evaluation		
Establishment of Board Sustainability Committee	Review of year-end governance reports		

A key element of the GNRC's remit is to lead the process for Board appointments in line with appropriate succession plan. The GNRC had defined a set of specific criteria for potential new INEDs, in particular giving consideration to the skills, expertise, experience and knowledge in the industry, market and segment required in any candidates. We expect all INEDs to demonstrate the highest level of integrity and credibility, independence of judgement, maturity, collegiality and the commitment to devote the necessary time to the Board.

As part of the Board's succession planning, the GNRC reviews the Board structure, size and diversity periodically and considers any proposed changes to the Board composition. To further enhance Board diversity and strike an appropriate balance between continuity of experience and Board refreshment, the Company had, since September 2022, set a maximum tenure of nine (9) consecutive years for the INEDs to be eligible for nomination by the Board to stand for re-election by shareholders. As at 30 June 2023, the Board has 42.9% female representation and the Board will actively work towards maintaining a minimum of 30% women as members of the Board. The Board evaluation process conducted in the past revealed that, although Directors believe that the Board's diversity in terms of gender is good, appropriate consideration can be given in respect of other types of diversity, particularly racial and ethnic diversity.

Directors' Remuneration

The Company has in place a remuneration framework for Directors and senior management which sets out the criteria applied in recommending their remuneration packages. We believe our remuneration framework provides a mechanism for encouraging and enforcing good governance.

The GNRC is responsible for determining the level and make-up of the GMD's remuneration. The Board as a whole considers the fees paid to the Directors and recommended the same for shareholders' approval at its AGM. Each of the Directors receives a base fixed Director's fee and meeting allowance for each Board, Board Committee and general meeting that they attend.

The structure of the fees payable to Directors of the Company is as follows:

Appointment	Per Annum (RM)
Board of Directors	
- Base fee (for all Directors including Chairman)	130,000
- Chairman's fee	145,000
Audit and Risk Management Committee	
- ARMC Chairman's fee	50,000
- ARMC Member's fee	35,000
Governance, Nominating and Remuneration Committee	
- GNRC Chairman's fee	30,000
- GNRC Member's fee	20,000
Board Sustainability Committee	
- BSC Chairman's fee	30,000
- BSC Member's fee	20,000

The details of the remuneration of Directors of the Company comprising remuneration received or receivable from the Company and its subsidiaries during FY2023 are disclosed in our CG Report 2023 under Practice 8.1 of the CG Code. The meeting allowance payable to each Director per Board and Board Committee meeting was increased from RM1,000 to RM1,500 effective 13 September 2022.

Looking ahead to FY2024

The GNRC will continue to focus on:

- Succession planning for Board and senior executive roles, through a review of the management structure and a talent review update, to maintain a diverse pipeline of talent
- Reviewing governance trends and updating the Terms of Reference in line with recent amendments to the Listing Requirements of Bursa Malaysia
- Reviewing the Directors and senior management remuneration framework to ensure that it provides the right framework to attract, retain and motivate them in line with the pay for performance principle

EFFECTIVE AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

The Board assesses the completeness and accuracy of the Group's financial statements and related disclosures by relying on information from the management. Independent and objective assurance is provided by the Company's external auditor, BDO PLT, on the Group's audited financial statements. The integrity of the Group's periodic corporate reports is underpinned by structures and processes within the Group functions that support analytical review of financial reporting and non-financial metrics, validation of information and the maintenance of proper records.

The ARMC, with their financial knowledge and commercial experience, assists the Board in overseeing, monitoring and assessing the reliability and quality of the Group's financial statements, management of financial risk processes, financial reporting practices and system of internal controls. This is to facilitate the Board's discharge of its fiduciary duties in order to present to our shareholders a clear, balanced and meaningful evaluation of the Group's financial position, performance and prospects.

The Board also acknowledges its overall responsibility in maintaining a sound system of internal control and risk management that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. The Group has a comprehensive system of internal controls in place, designed to ensure that risks are mitigated and that the Group's objectives are attained. The ARMC supports the Board by overseeing the Group's ERM Framework and regularly assessing the framework to ascertain its adequacy and effectiveness.

During FY2023, the Board continued to review the effectiveness of our system of controls, risk management and the high-level internal control processes. These reviews are supported by the management with periodic reports from the Head of Group Internal Audit, Group Insurance & Risk Management Senior Manager, as well as the external auditor. The Board is of the view that the system of internal control and risk management in place are sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of stakeholders.

Both the external and internal auditors have full and unrestricted access to all departments, records and systems of the Group as and when necessary to undertake their activities.

ESG risks are identified, measured, monitored, reported and overseen in accordance with the Group's ERM Framework. The IOI Group Sustainability Steering Committee and divisional Risk Management Committees oversee key aspects of ESG risks, including climate and human rights-related risks. Our climate change disclosures align with the Task Force on Climate-Related Financial Disclosures recommendations. More details can be found in our Sustainability Report which is available on our website at https://www.ioigroup.com/investor-relations/reports. Regular updates on ESG risks are provided to ARMC and Board accordingly.

More information about the above activities and its effectiveness are set out in the ARMC Report and Statement on Risk Management and Internal Control.

Anti-Bribery and Corruption

Our core values and behaviours drive our culture and conduct throughout the Group. We have a zero-tolerance approach to misconduct of any kind and will take disciplinary action, up to and including dismissal, in the event of a breach. Overall responsibility for how we monitor, manage and mitigate bribery and corruption risk lies with the ARMC. Material breaches of our Business Ethics, Compliance, Anti-Corruption & Money Laundering Policy (the "Policy"), if any, will be reported to the Board by the Group Legal Department. The Policy was last reviewed and approved by the Board in August 2023.

Tax Governance

On 13 September 2023, the Company adopted the Group Tax Governance Statement to create a structured approach for us to prepare and adjust to constantly evolving tax laws and regulations.

We are committed to complying with applicable tax laws and regulations across the countries and territories in which we operate. The Group CFO is responsible for oversight of tax responsibilities, with support from the Head of Group Tax. We take a low tolerance approach towards tax risk.

Whistleblowing

The Company has established a Whistleblowing Policy, which provides an avenue for all employees, agents, vendors, contractors, suppliers, consultants and customers of the Group and members of the public to raise concerns on any improper conduct within the Group without fear of retaliation. The Whistleblowing Policy also offers protection for such persons (including the employees of the Group) who report such allegations.

The Group encourages its employees to raise genuine concerns about suspected or possible violations of the Group's Code of Business Conduct & Ethics, improprieties in matters of financial reporting, non-compliances with laws and regulations, non-compliances with the Group's policies and procedures and to disclose any improper conduct or other malpractices within the Group in an appropriate way.

Directors' Responsibility for Preparing the Annual Audited Financial Statements

We are required by the Act to ensure that financial statements prepared for each financial year which give a true and fair view of the Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, the provisions of the Act and the Listing Requirements of Bursa Malaysia.

The Directors are satisfied that the Group and the Company keep reasonably accurate accounting records which provide a true and fair view of the financial position of the Group and of the Company. They have also taken the necessary steps to ensure that appropriate systems and controls are in place to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, losses and fraud.

STAKEHOLDERS' ENGAGEMENT

We recognise the importance of listening to and understanding the views of our stakeholders to facilitate the Board's decision-making. Particular importance is accorded to groups formed primarily by shareholders and investors, communities, non-profit organisations ("NGOs"), employees, regulators, suppliers, contractors and customers. This is due to the influence they have on our business and their impact on our operations and organisational strategy.

The views of stakeholders have been a key consideration in papers presented to the Board and its Committees and during boardroom discussions, thus influencing strategic planning and decision-making. The Board ensures that the management handles engagements with the Company's stakeholders in a prudent manner in order to maintain strong and mutually beneficial relationships. A variety of engagement initiatives including direct meetings, workshops and dialogues with communities are constantly conducted to learn about their welfare needs. Our stakeholders and NGOs actively engage with our GMD, Group Head of Sustainability, Stakeholder Engagement team and Head of Group Commodity Marketing.

During FY2023, we had concluded a collaboration on the Labour Transformation Programme involving Earthworm Foundation and Winrock Solutions through Nestlé's Human Rights Fund, within our palm oil supply chain. IOI Sustainability Consultation Forum, a platform designed to engage with stakeholders and experts in the fields of climate change and sustainability, was called recently. Such forum can be instrumental in fostering collaboration, sharing insights, and gathering diverse perspectives to address sustainability challenges effectively.

As part of our ongoing governance practices, we are guided by the Listing Requirements of Bursa Malaysia which provides the Company with a clear, succinct and streamlined continuous disclosure process. All financial results and media releases that we announce to Bursa Malaysia are posted on our website.

Our Investor Relations team acts as the main point of contact for investors throughout the year. We have frequent discussions with current and potential shareholders on a range of issues, including in response to individual ad hoc requests from shareholders and analysts.

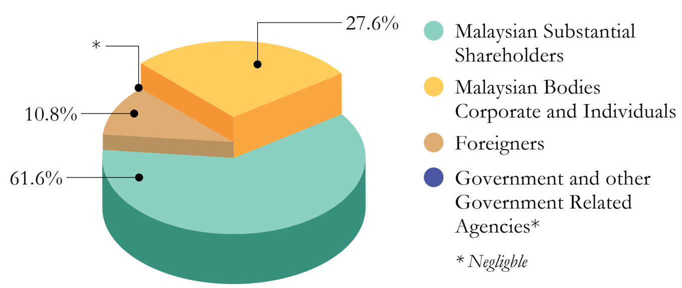
The Company had been authorised by shareholders to place documents or notifications relating to shareholder communications (such as the Notice of AGM and the Annual Report and Sustainability Report) on the corporate website in lieu of sending paper copies to shareholders (unless specially requested). While recognising that some shareholders may have different preferences about how they receive information from us, we will continue to promote the benefits of electronic communication given its advantages over traditional paper-based communications, both in terms of the configurability and accessibility of the information provided and the consequent cost savings and reduction in environmental impact.

We communicate formally with our shareholders at least six (6) times a year through the following main channels:

- Quarterly and full year results announcement and any accompanying dividend distribution
- AGM

We actively encourage our shareholders to embrace the benefits of electronic communication. As at 30 August 2023, approximately 58% of shareholders were registered to receive notices electronically. We provide clear and informative meeting notices and other communications, and all our meeting materials are available in our website. Our composition of shareholders based on the Record of Depositors as at 30 August 2023 was as follows:

Composition of Shareholders as at 30 August 2023



We encourage shareholders to participate in the AGM and post questions to the Chairman and the Board. Our 53rd AGM held on 31 October 2022 was conducted in a hybrid manner, which allowed more avenues for our shareholders to engage with the Board. The Board was also in full attendance at the 53rd AGM. The full minutes of the 53rd AGM was published on our website at https://www.ioigroup.com/governance/shareholders-information in a timely manner, along with the webcast and responses to queries posed by the Minority Shareholders Watch Group.

More information on our stakeholders engagement activities can be found in our Sustainability Report which is available on our website at https://www.ioigroup.com/investor-relations/reports.

This Statement was approved by the Board on 13 September 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (the "Board") of IOI Corporation Berhad is pleased to present the report on the Audit and Risk Management Committee ("ARMC") of the Board for the financial year ended 30 June 2023 ("FY2023") ("ARMC Report").

The ARMC was first established on 24 March 1994 as Audit Committee in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Audit Committee was subsequently renamed to Audit and Risk Management Committee on 6 September 2012 to better reflect the ARMC's evolving role in supporting the Board's oversight of the Group's risk management framework and policies.

A. MEMBERS

The composition of the ARMC and the changes that took place during FY2023 are as detailed below:

DATO' KONG SOOI LIN Chairman Independent Non-Executive Director *(Re-designated from Member to Chairman on 31 October 2022)*	**TAN SRI DR RAHAMAT BIVI BINTI YUSOFF** Member Independent Non-Executive Director
CHEAH TEK KUANG Member Non-Independent Non-Executive Director	**DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY** Chairman Independent Non-Executive Director *(Retired on 31 October 2022)*

Subsequent to FY2023, Mr Lim Tuang Ooi was appointed as an additional Member of the ARMC on 18 July 2023. The biography of each ARMC member is set out in the Profile of Directors section of this Annual Report.

The composition the ARMC fulfils the requirements of the Listing Requirements of Bursa Malaysia and Malaysian Code on Corporate Governance by virtue of the following:

- All the ARMC members are Non-Executive Directors, with the majority being independent.
- All the ARMC members are financially literate and have the relevant experience and capabilities necessary to discharge their duties and responsibilities effectively.
- Dato' Kong Sooi Lin and Mr Lim Tuang Ooi are members of Malaysian Institute of Accountants ("MIA").
- None of the ARMC members is an alternate director.
- None of the ARMC members is a former key audit partner of the Group.

The Group Managing Director and Chief Executive, Group Chief Financial Officer, Head of Group Internal Audit, Group Insurance and Risk Management Senior Manager, certain senior management members and the Company's external auditors namely BDO PLT ("BDO") are usually invited to attend the ARMC meetings to provide briefings, updates and clarifications on matters under the ARMC's purview. BDO also meets with the ARMC without the presence of management at least twice during the financial year. The Company Secretary acts as Secretary to the ARMC.

B. SUMMARY OF KEY RESPONSIBILITIES

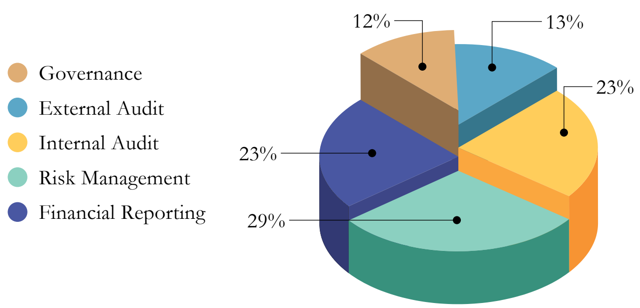
The Terms of Reference ("TOR") of the ARMC, which has been drawn up in accordance with requirements imposed by Bursa Malaysia, prescribe the authority, duties, responsibilities and proceedings of the ARMC to facilitate its oversight of financial and risk management matters within the Group. Those key responsibilities include, among others:

- Overseeing the financial reporting process and integrity of the Group's financial statements
- Evaluating the independence of external auditors
- Reviewing and evaluating the operation and effectiveness of the Company's internal audit function
- Overseeing the Group's system of disclosure controls and system of internal controls
- Assessing the Group's practices, processes and effectiveness of corporate risk management structure and support system of risk management
- Reviewing conflict of interest situations and related party transactions of the Group
- Reviewing the appropriateness of accounting policies and significant financial reporting issues or significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed

The full TOR of the ARMC is published on the Governance section of the Company's website at https://www.ioigroup.com/governance.

C. HOW THE ARMC SPENT ITS TIME DURING FY2023

The pie chart below provides an overview of how the ARMC spent its time in FY2023:



D. SUMMARY OF WORK OF THE ARMC

The ARMC has an annual work plan, developed from its TOR, with standing items that the ARMC considers at each meeting, in addition to any special matters that arose during the year.

In FY2023, the ARMC had focused on areas of (i) financial risk management; (ii) effectiveness of risk management oversight and progress on internal controls improvement programmes; (iii) presentation of results, ensuring that business performance is fairly presented in financial reporting disclosures based on regulatory requirements. Pursuant thereto, key areas of focus were foreign exchange hedging, sustainability, climate action and reputation risk, as well as cyber security risk.

The summary of work and the main matters that the ARMC considered during FY2023 are described below:

1. Financial statements and reporting

The ARMC continued to ensure the integrity of financial reporting by monitoring the financial reporting processes for the Group to ensure compliance with financial reporting standards and clarity of disclosures. The ARMC also assessed whether appropriate accounting policies had been adopted consistently throughout the accounting period and whether management had made appropriate estimates and judgements over the recognition, measurement and presentation of the financial results. To facilitate such reviews, reports from the external auditors and management were made to the ARMC.

In addition to the above, the ARMC reviewed the unaudited quarterly financial results and audited financial statements of the Group prior to recommending them for the Board's approval.

The following were the primary areas of financial reporting judgement and disclosure, among others, which were considered by the ARMC in relation to FY2023 financial statements. For all of the said areas, the ARMC received input from management and external auditors prior to reaching its conclusion.

(a) Impairment assessment of goodwill on consolidation and impairment assessment of other assets

The ARMC evaluated the possible factors that could give rise to an impairment of the Group's goodwill, and whether those factors had arisen during the financial year. Goodwill and other assets impairment reviews involved a range of judgmental decisions largely related to the assumptions used to assess the value-in-use of the assets being tested. The ARMC constructively challenged the assumptions used by the management, which typically involved projected growth in future revenues and profit margins, cash flow forecasts, and associated pre-tax discount rates. Following the discussion, the ARMC was satisfied with the goodwill and other assets impairment review for FY2023.

(b) Accounting for derivative financial instruments

The management had performed reasonableness test based on certain inputs from available market information or contracts, and compared against the fair value provided by financial institutions before recording them in the financial statements. BDO had discussed with management on the analysis of the contractual terms and evaluated the accounting treatment adopted by management, including the reasons for entering into derivative financial instruments as well as assessing the process of management to derive the fair value of derivative financial instruments. The ARMC was satisfied that the derivative financial instruments were valued appropriately.

BDO had also reported that they did not identify any material exceptions based on the audit work carried out.

(c) Impairment assessment of investment in an associate

The management had also assessed recoverable amount of the Group's investment in Bumitama Agri Ltd ("BAL"). The impairment assessment was performed due to the indication of impairment arising from the carrying amount of the investment exceeding the fair value of the quoted BAL shares.

The external auditors had further assessed based on value-in-calculation using the cash flow projections from dividends derived from Dividend Discount Model. The details of the assessment disclosure are in Note 17.2 to the financial statements of the Company. The ARMC was satisfied with the impairment assessment review in FY2023.

In addition to these reporting matters, the ARMC also received regular updates from management and/or BDO on the International Sustainability Standards Board ("ISSB"), Bursa Malaysia's enhanced sustainability reporting framework, Bank Negara Malaysia's overnight policy rates, US Federal Reserve fund rates, and exchange rates. The implications of such updates on the assumptions and judgements used by the management in the course of financial reporting of the Group are also considered by the ARMC.

Discussions on BDO's audit plan, audit status, as well as findings on areas of significant attention were held during and subsequent to FY2023. These included presentations on Key Audit Matters ("KAM") of the Group for FY2023 by BDO to the ARMC. Impairment assessment of the carrying amounts of goodwill, accounting for derivatives financial instruments, and impairment assessment of investment in an associate were considered as KAM, the details of which can be found in the auditors' report. The identification of KAM was based on materiality and use of significant judgement and estimates in the following areas:

(i) Future results and key assumptions applied to cash flows projections of operating segments of the Group (i.e. plantation and resource-based manufacturing) in determining the recoverable amounts, including projected growth in future revenues and profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

(ii) Determination of fair values of derivative financial instruments in accordance with Malaysian Financial Reporting Standards (MFRS) 9 *Financial Instruments* where subjective variables are involved.

(iii) Key assumptions include future dividend growth rate as well as determining an appropriate pre-tax discount rate, after taking into consideration the effect of increasing interest rate in Indonesia.

As part of the year-end reporting process, the ARMC reviewed BDO's reports on their review of the Group's internal controls as well as recommendations in respect of control weaknesses noted in the course of their audit. BDO had discussed with the respective estate, mill, palm oil refinery or power plant managers and Regional Senior Plantation Controllers or General Managers and communicated their findings for remedial actions. Equal emphasis was placed on information technology general controls that have financial reporting significance, where BDO's findings on the effectiveness of such controls were communicated to the ARMC as well as the Head of Group Business System and Information Technology.

BDO also reported to the ARMC the unadjusted misstatement found in the course of their work, which was immaterial, and the ARMC confirmed that there were no material items remaining unadjusted in these financial statements for FY2023. There were no other significant and unusual events or transactions highlighted by the management as well as by BDO during the course of their audit for FY2023.

2. Going concern assessment

The ARMC reviewed the going concern basis for preparing the Group's consolidated financial statements, including the assumptions underlying the going concern statement and the period of assessment. The ARMC's assessment was based on various analyses from the management regarding the Group's capital and liquidity position. Based on such assessment, the ARMC recommended to the Board that the financial statements should continue to be prepared on the going concern basis. The ARMC also took note of the principal risks and uncertainties, the existing financial position, the Group's financial resources, and the expectations for future performance and capital expenditure.

3. Internal audit

The Internal Audit function provides independent and objective assurance and advisory services designed to add value and improve the operations of the Group. Its scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in relation to the Group's defined goals and objectives. The Internal Audit function is guided by the Internal Audit Charter, which sets out its role, scope, accountability and authority. The Internal Audit Charter was last revised and approved by the ARMC on 26 November 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Head of Group Internal Audit, who is a member of both MIA and Institute of Internal Auditors Malaysia ("IIA"), reports functionally to the ARMC. The annual internal audit plan and budget were reviewed and approved by the ARMC, taking into consideration results of previous audits, both external and internal, the self-assessment questionnaire, system changes and the views of executive management. The ARMC also reviewed the adequacy of the scope, functions, competency and resources of the Internal Audit function during the year, placing emphasis on the hiring of internal audit staff with sustainability background to ensure uninterrupted operations and high quality of service especially in the context of sustainability audits.

The Group's Internal Audit Department focuses on principal risk areas when planning and conducting audit on various operating units within the Group, i.e. a risk-based approach, as guided by the Group's Enterprise Risk Management ("ERM") Framework.

Impact on Vision IOI is taken into consideration in determining the risk level as a holistic approach in contributing to the achievement of the Group's objectives and in enhancing shareholders' value.

During FY2023, a total of 100 audit assignments (i.e. 87 routine audits and 13 special audit assignments) were completed for various operating units of the Group's plantation and resource-based manufacturing segments. Routine audits covered oil palm estate operations, commodity marketing activities and refinery operations, while special audits were conducted on labour practices (particularly workers' accommodation and amenities) in oil palm estates. Quarterly audit reports on the findings from these audits, recommendations for improvement on weaknesses noted and the management's comments on these findings, are issued and tabled to the ARMC and Board. Recurring significant issues which were yet to be resolved satisfactorily had been highlighted to the ARMC and it was agreed that the management would expedite the resolution of the outstanding audit issues.

Based on briefings provided by the Head of Group Internal Audit, the ARMC considered the findings of the audits undertaken and the adequacy and timeliness of the management's response to matters raised. Enquiries were made to both Head of Group Internal Audit and the management over details of issues raised, root causes and proposed corrective actions. The ARMC also challenged management as to the actions taken to minimise recurrence of audit issues and ensure adequate resolution of material findings.

In addition to quarterly meetings, the ARMC had two (2) private sessions (i.e. without management presence) with the Head of Group Internal Audit during FY2023. This was to ensure that mechanisms for corporate accountability are functioning well and that there were no restrictions on the discharge of duties of the Internal Audit function.

The total costs incurred for the Internal Audit function of the Group for FY2023 was RM4.7 million (FY2022: RM3.9 million). The higher internal audit function costs incurred for FY2023 as compared with FY2022 was mainly due to an additional Audit Manager hired in October 2022 as well as overall increase in staff costs (due to annual increment and increase in bonus payout) and travelling expenses.

4. Risk management

The responsibility to monitor the effectiveness of the Group's risk management and internal control systems had been delegated by the Board to the ARMC. The Corporate Risk Management Department supports the ARMC in its corporate governance responsibilities relating to risk management.

The Group's risk register contains the key risks faced by the Group, their likelihood and impact on the Group's operations, as well as the controls and procedures implemented to mitigate these risks. The ARMC receives Group key risk summary reports prepared by the Corporate Risk Management Department, which track residual risk exposures. Such reports allow the ARMC to assess the appropriateness of the management's action plans to ensure the risk tolerance set by the Board is not exceeded.

In FY2023, the ARMC continued its practice of evaluating key areas of risks by receiving direct presentations from the management and Group functional heads. Key risks identified during the period under review were, amongst others, increasing cost of doing business, reputation and sustainability and climate related issues, foreign labour shortage, exposure to trade regulation on commodity products, and commodity price fluctuations. These direct reviews allow the ARMC members to scrutinise the key risks, identify emerging risks and define an adequate and practical mitigation action plans.

A bi-annual review of the effectiveness of risk management and internal control processes was carried out by the ARMC. The ARMC focused its review on the Company's risk mitigation and controls and the strategic and organisation-wide risks faced by the Group. The ARMC considered the current risk management process during FY2023 and deemed it effective in terms of identifying, assessing and monitoring the Group's risks.

The ARMC also met with the Group Insurance and Risk Management Senior Manager twice during FY2023 without the presence of the management to address any issues and concerns that may hamper risk management activities throughout the Group.

Further details on how we managed our risks and our risk management activities are reported separately on pages 110 to 114 of this Annual Report and the Statement on Risk Management and Internal Control in the Annual Report respectively.

5. Assessing the effectiveness of external audit process

The ARMC places great importance on high standards of quality and effectiveness of the external audit carried out by BDO. Prior to every financial year, the ARMC reviews and approves the annual audit plan, ensuring that it is consistent with the scope of the audit engagement and the provision of non-statutory audit services rendered to the Group. In reviewing the audit plan, the ARMC discussed the significant and elevated risk areas identified by BDO that could give rise to a material financial reporting error or are perceived to be of higher risk and requiring additional audit emphasis. The ARMC also considered the audit scope and materiality threshold to be applied to the Group.

The ARMC met with BDO at various stages during the audit process in FY2023, with and without management presence, to discuss their remit and any issues arising from the audit. This is to ensure BDO is able to operate effectively as the Group's external auditors and to satisfy itself that the management is responsive to the audit findings and recommendations made by BDO. During FY2023, the ARMC met two (2) times with BDO privately without management presence.

BDO's audit partners were present at every ARMC meetings to ensure complete communication of audit related affairs and they remained fully apprised of all matters considered by the ARMC.

The ARMC remains satisfied of the effectiveness of the external audit process in FY2023.

6. Auditors' re-appointment review

During FY2023, the ARMC had conducted the annual assessment on BDO's qualifications, expertise, resources and the effectiveness of the audit process, including presentation on BDO's internal quality procedures. The following factors were considered during the said assessment:

- Quality of planning, delivery and execution of the audit plan and ability to meet deadlines and respond to issues in a timely manner;
- Quality and knowledge of the audit team;
- Effectiveness of communications between management and the audit team;
- Robustness of the audit, including the audit team's ability to challenge the management as well as to demonstrate professional skepticism and independence;
- Ability to identify risks or potential issues and provide constructive recommendations, observations and implications in areas requiring improvements particularly with regard to the internal control system relating to financial reporting of the Group; and
- The management's evaluation of the audit process

(a) Auditor's effectiveness

The ARMC considered the quality of reports from BDO and the additional insights provided by the audit team, particularly at partner level. The ARMC also considered BDO's quality of assessment of key accounting and audit judgements, as well as their application of constructive challenge and professional scepticism in dealing with the management.

The ARMC remains satisfied with the effectiveness of BDO as external auditors, based on improvements implemented following the previous year's statutory audit review, the quality of presentations received, the management commentary on the robustness of the challenge provided by BDO, their technical insight and demonstration of a clear understanding of the Group's business, the industry in which the Group operates and its key risks.

(b) Independence and objectivity

The ARMC reviews the work undertaken by BDO and each year assesses its independence and objectivity. In doing so, it takes into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services. The ARMC also monitors BDO's compliance with relevant regulatory, ethical and professional guidance on the rotation of audit partners.

As per BDO's firm policy, the audit engagement partner is required to be rotated every seven (7) years with a five (5)-year cooling-off period. This is in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of MIA. The current audit engagement partner for the Company is due for rotation after year 2023.

As part of the independence review process, BDO had reported to the ARMC that it had considered its independence in relation to the audit and confirmed to the ARMC that it complies with professional requirements and that its objectivity is not compromised.

Based on reports provided by BDO, the ARMC continues to be satisfied with the objectivity and independence demonstrated by BDO in the course of the audit for FY2023.

(c) Non-audit work carried out by external auditors during the financial year

The ARMC is guided by our Policies and Procedures to Assess the Suitability and Independence of External Auditors, which include a clearly defined process to pre-approve provision of non-audit services for the purpose of preserving objectivity and independence of the external auditors.

The management had obtained prior approval of the ARMC before the external auditors can be engaged to perform non-audit services. Fees paid to BDO for audit related and non-audit services during FY2023 are set out in Note 10 to the audited financial statements of the Company for FY2023.

BDO also provided in its engagement letter (i) specific safeguards put in place for each non-audit work, and (ii) a confirmation that the extent of the non-audit services provided and the non-audit fees charged would not pose any threat on BDO's independence as statutory auditors of the Group.

The nature of the non-audit services rendered to the Group for FY2023 comprised mainly tax compliance and advisory services, the fees of which constituted approximately 33% of the total audit fees. The ARMC, after carefully considering the non-audit services provided by BDO and their affiliates, was satisfied that the provision of those non-audit services did not compromise the external auditors' independence. Given BDO's in-depth knowledge of the Group, the ARMC believed that it is in the interest of the Group that BDO and their affiliates performed those non-audit services.

The ARMC believed that the provision of non-audit services by the external auditors did not result in lower quality audits where necessary safeguards operate. The main safeguards that are in place to eliminate threats to BDO's independence or reducing such threats to an acceptable level are as follows:

(i) Non-audit services are performed by staff outside of the audit team to avoid self-review threat.
(ii) Tax compliance and advisory services provided are one-off in nature and are not expected to recur.
(iii) BDO do not provide services that are perceived to be materially in conflict with their role as external auditors.
(iv) The nature and scope of non-audit fees provided by BDO to the Group are not specifically prohibited by the By-Laws of MIA or promulgations of the International Federation of Accountants.

(d) Audit fees

The ARMC was satisfied that the level of audit fees (on a group basis) payable in respect of the audit services provided by BDO and its member firms, being RM1.5 million for FY2023 (FY2022: RM1.4 million) was appropriate and that an effective audit could be conducted for such a fee. The existing authority for the ARMC to recommend to the Board for approval of the current remuneration of BDO was derived from the shareholders' approval granted at the Company's 53rd Annual General Meeting in 2022.

Recommendation for re-appointment

The main criteria guiding the ARMC's decision in this matter include an assessment of the external auditors' competence, audit quality, resource capacity, objectivity and independence. As part of this assessment, the ARMC had in FY2023 considered the information in the Annual Transparency Report of BDO, which includes a report on the Audit Oversight Board's inspection on BDO.

Having reviewed the performance of BDO in FY2023, the ARMC had decided to recommend to the Board that BDO be re-appointed to conduct the audit for the next financial year ending 30 June 2024 ("FY2024"). A resolution to this effect will be put forward for shareholders' approval at the forthcoming Annual General Meeting to be held on 27 October 2023.

7. Other works performed by the ARMC

The ARMC had also performed the following works in addition to those stated above:

- Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.
- Reviewed the revised Whistleblowing Policy.
- Reviewed the ARMC Report and the Statement of Risk Management and Internal Control.
- Reviewed the Circular to Shareholders on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.
- Reviewed the internal audit report relating to related party transactions.

E. ATTENDANCE

The ARMC held six (6) meetings during FY2023 to conduct and discharge its functions in accordance with its TOR. The attendance of each ARMC member are as follows:

Member	Attendance
Datuk Karownakaran @ Karunakaran a/l Ramasamy ^	3/3
Dato' Kong Sooi Lin	6/6
Tan Sri Dr Rahamat Bivi binti Yusoff	5/6
Cheah Tek Kuang	6/6

^ Prior to his retirement on 31 October 2022

Subsequent to the financial year end up to the date of the Directors' Report, another three (3) meetings had been held. The attendance of each ARMC member for these meetings are as follows:

Member	Attendance
Dato' Kong Sooi Lin	3/3
Tan Sri Dr Rahamat Bivi binti Yusoff	3/3
Cheah Tek Kuang	3/3
Lim Tuang Ooi	3/3

F. ANNUAL REVIEW AND PERFORMANCE EVALUATION

As required by its TOR, an annual evaluation was conducted on the composition, performance and effectiveness of the ARMC and its members in a continual effort to improve its processes. Based on the overall, peer and self-evaluation conducted by the ARMC members, the Board was satisfied that the ARMC and its members had effectively discharged their duties in accordance with the TOR in FY2023.

The ARMC had also conducted an annual evaluation of the performance and competency of the Group Internal Audit Department for FY2023 and was satisfied that the Internal Audit function of the Group had discharged its duties effectively.

The ARMC considered that it has adopted a balanced work approach during the year in terms of focus, objectives and means utilised to obtain the necessary assurance. The ARMC also believed that it had retained appropriate standing within the Company and had maintained appropriate relations with the management, and BDO, while remaining independent at all times which is critical for effective governance and oversight.

Looking ahead to FY2024

In addition to routine business, the ARMC has following focus areas for FY2024:

- Amendments to policies and procedures to assess the suitability and independence of external auditors
- Impact of climate change on accounting assumptions, financial reporting and disclosures, including in relation to Task Force on Climate-Related Financial Disclosures recommendations under ISSB standards
- Oversight of internal controls, including financial reporting and internal control framework, and financial reporting developments
- Amendments to the TOR of the ARMC

The ARMC Report was approved by the Board on 13 September 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

The Board of Directors ("the Board") is cognisant of its overall responsibility to establish a sound risk management and internal control system, including its role in providing risk oversight, setting the tone and culture towards managing principal risks and risk that could impede the corporate objectives and strategies. The Board is pleased to present herewith the Statement on Risk Management and Internal Control ("SORMIC") of the Group during the financial year.

B. RESPONSIBILITIES AND ACCOUNTABILITIES

The Board

The Board affirms its overall responsibility in ensuring independent oversight of internal control and risk management. The Board continually articulates, reviews the adequacy and effectiveness of the Group's Enterprise Risk Management ("ERM") Framework and internal controls, and ensures alignment with business objectives. However, it should be noted that internal controls are designed to manage and minimise rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws and regulation.

The ongoing risk management processes are established for identifying, evaluating, monitoring and managing the principal risks faced by the Group in its achievement of strategic objectives. This process has been in place for the year under review and up to the date of approval of this statement.

Audit and Risk Management Committee

Audit and Risk Management Committee ("ARMC") is established by the Board. The ARMC conducts bi-annual risk review with the respective division's Risk Management Committee. The ARMC also ensures the internal controls in place are adequate and effective to address the Group's principal risks.

Corporate Risk Management Department

The Corporate Risk Management ("CRM") Department assists the Board and ARMC in discharging their risk management responsibilities. The CRM Department is responsible for assisting the Board to develop a sound risk management framework, monitoring and reporting of principal risks as identified by the management and facilitating bi-annual risk review.

Group Internal Audit Department

The Group Internal Audit ("GIA") Department is an integral part of the Group's internal control system, and the Head of Internal Audit reports directly to the ARMC. GIA Department's primary role is to provide independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes by conducting regular audits and continuous assessments. The activities of the GIA Department are carried out based on the Annual Audit Plan established on a risk-based approach which is reviewed and approved by the ARMC. Significant audit findings and recommendations for improvement are tabled quarterly to senior management and the ARMC, followed by periodic follow-up review of the implementation of corrective action plans.

The Group Internal Audit function adopts the audit framework as set out in the International Professional Practices Framework ("IPPF") promulgated by the Institute of Internal Auditors. Internal Audit Practice Manual has been established incorporating the mandatory elements of the IPPF.

C. RISK MANAGEMENT FRAMEWORK

The Group adopts an ERM Framework which was formalised in 2002. The ERM Framework has been revised in 2023 and adapted as reasonably practicable from the ISO 31000: 2018 Risk Management Guidelines (refer to the below diagram-Principles, Framework and Process).

The Group's ERM Framework essentially links the Group's strategic objectives and goals (that are aligned to its vision) to principal risks; and the principal risks to controls and opportunities that are translated to actions and programme. The framework also outlines the Group's approach to its risk management principles:

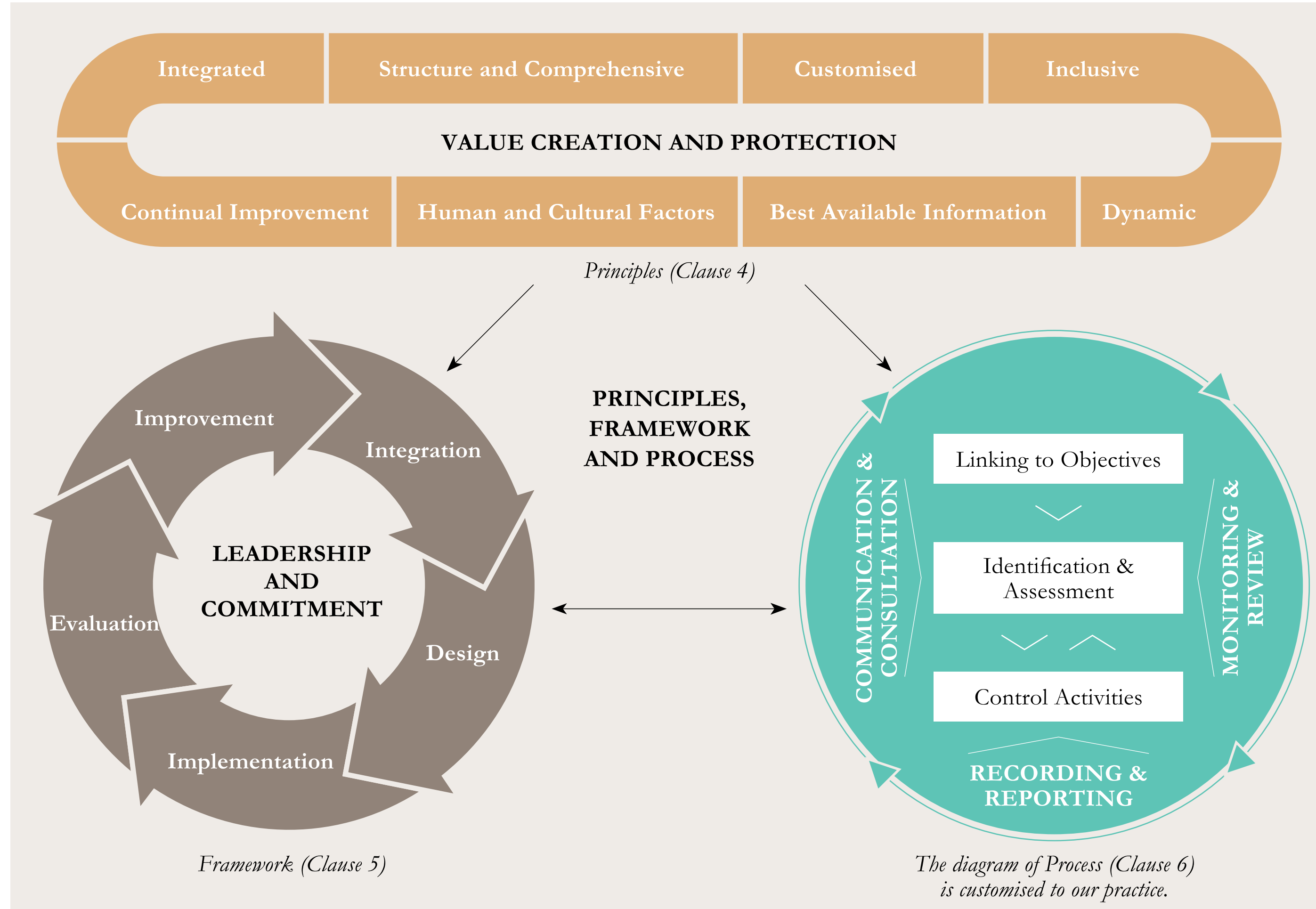
i) **Risks that offer opportunities for superior returns**
By linking risks to capital, the Group establishes risk-adjusted-return thresholds and targets that commensurate with varying risk levels assumed by its businesses. Superior risk management and other corporate governance practices are also promoted as contributing factors to lowering long-term cost of funds and boosting economic returns through an optimal balance between costs and benefits.

ii) **Risk management as a collective responsibility**
By engaging every division as risk owners of their immediate sphere of risks (as shown in the illustration), the Group aims to approach risk management holistically. This is managed through an oversight structure involving the Board, ARMC, GIA Department, Executive Management and division's Risk Management Committees.

iii) **Risk forbearance shall not exceed capabilities and capacity to manage**
Any business risk to be assumed shall be within the Group's core competencies to manage. Hence, the continuous effort in building risk management capabilities and capacity are key components of the Group's ERM effort. The Group's overall risk appetite is based on assessments of the Group's risk management capabilities and capacity.

iv) **Risk management as both a control and strategic tool**
As a control tool, the Group ensures that the intensity and types of controls commensurate with assessed risk rankings. The Group also applies risk management as a strategic tool in scoping opportunities, investment and resource allocation, strategy formulation and performance measurement.

The Board through the ARMC conducts periodic reviews on the adequacy and integrity of the Group's ERM Framework and policies, particularly in relation to the mechanisms for risk assessment (principal risks identification, analysis, evaluation, and treatment), communication, monitoring, review and reporting.



(Source: ISO 31000: 2018 Risk Management Guidelines)

D. KEY RISK AREAS

The Group's key risk areas are finance, strategic, operation, regulatory compliance, reputation, cyber security and sustainability. The Group's overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

Under the Group's ERM Framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:

Principal Risk	
Strategic Risk	The Group's vision is to be a leading and sustainable Malaysian business corporation with global presence. The senior management continually keeps abreast of strategic risk and is mindful on the global trends, geopolitical tensions, business resilience, industry disruption, palm oil alternatives, and respond to them appropriately.
Financial Risk	The Group is exposed to various financial risks relating to foreign currency exchange, interest rate, credit, liquidity and prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 38 to the financial statements on pages 196 to 228.
Operational Risk	The Group's policy is to assume operating risks that are within its core businesses and competencies to manage. Operational risk management ranges from managing strategic operating risks to managing diverse day-to-day operational risks. The management of the Group's day-to-day operational risks is primarily decentralised at the division unit level and guided by approved standard operating procedures. This includes risks relating to supply chain, production, marketing and distribution, safety, health and environment. Operational risks that cut across the organisation, including those relating to the enterprise resource planning system (which includes business information systems), treasury management, transfer pricing, group sustainability and reputation, are coordinated centrally.
Compliance Risk	The Group operates in diverse geographical locations and as such, is governed by relevant local and international laws, regulations, standards, certifications and accreditations, including Roundtable on Sustainable Palm Oil ("RSPO") standards, International Sustainability and Carbon Certification ("ISCC") and the mandatory Malaysian Sustainable Palm Oil ("MSPO") requirements. The Group Legal Counsel provides legal advisory, regulatory and litigation support while the Company Secretary assists the Board and the senior management to promote effective operation of key elements of the Group's corporate governance culture and practices, and to support and meet the Group's regulatory compliance requirements related to, among others, Bursa Malaysia Securities Berhad, Securities Commission Malaysia, the Companies Act 2016 and Malaysian Code on Corporate Governance and any relevant applicable securities laws in Malaysia.
Reputational Risk	Palm oil producers are constantly facing anti-palm oil sentiment and allegations from local and international NGOs. Public misconception is that oil palm plantation drives deforestation and destruction of peatland areas and forced labour issues, etc. The Group will not only seek to always ensure transparent and clear communication in order to mitigate this risk and keep key stakeholders informed but will also follow up with clear action plans to address any grievances.
Cyber Security Risk	The Group's business environment is exposed to cyber threats, such as malware, ransomware, unauthorised access, loss of information. IOI undertakes a robust security infrastructure including firewalls, antivirus software, and revamp the perimeter defence of the network. Our primary goals and objectives focus on the priorities of confidentiality, integrity and availability based on the criticality of the IT infrastructure and system. The enterprise network of IOI incorporates the concept of defence in depth, where multiple layers of security controls and defence are placed throughout our enterprise network for resiliency.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Principal Risk	
Sustainability Risk	Sustainability, which is embedded in both IOI's plantation and resource-based manufacturing divisions, is a significant aspect of IOI's operations. There is global concern on the sustainability issues related to the palm oil industry such as human rights at workplace, deforestation and peatland protection, climate change, traceability, etc. In managing sustainability risks, the Group has coordinated and implemented the Sustainable Palm Oil Policy ("SPOP"), and relevant policies and guidelines. On Climate Change, IOI introduced the Climate Change Action initiative ("CCAi") because we view this issue as material to all our operations. We are supporters of the Task Force on Climate-Related Financial Disclosures ("TCFD").

E. INTERNAL CONTROL SYSTEMS

The Group's Core Values

The Group's corporate culture is embedded in its core values of integrity, commitment, team spirit, cost efficiency, innovation, and excellence in executions and to achieve the Group's vision and support its business objectives and goals.

Code of Business Conduct and Ethics

The Group communicates the Code of Business Conduct and Ethics (the "Code") to all employees upon their employment. The Code reinforces the Group's core value of integrity by providing guidance on moral and ethical behaviour that is expected from all employees in following the laws, policies, standards and procedures.

Anti Bribery and Corruption ("ABC")

The Group's ABC incorporates the principles as set out in the Guidelines on Adequate Procedures issued by the Prime Minister's Department which includes top level commitment, risk assessment, undertake control measures, systematic review, monitoring and enforcement, and training and communication.

Policy and guidelines on the ABC have been established for proper conduct of business which include:

i) Business Ethics, Compliance, Anti-Corruption and Anti-Money Laundering Policy; and
ii) Gifts and Hospitality Guidelines

A compliance unit (under Legal & Compliance Department) is responsible to monitor the compliance with the ABC policies and procedures and implementation of the ABC programme. This is supplemented by Group Internal Audit review of the ABC on a periodic basis. During the financial year under review, all of the Group's business units had participated in the bribery and corruption risk assessment.

Whistleblowing Channel

The Group's Whistleblowing Policy was established in 2013 and was further revised in November 2022. The policy provides for a dedicated and confidential channel for employees and stakeholders to disclose or raise genuine concerns on possible improprieties, improper conduct or other malpractices within the Group in a transparent and confidential manner. The GIA Department acts as the Whistleblowing Secretariat. The whistleblowing complaints received through the whistleblowing channel are escalated to designated officers for further investigation. The feedback and communications received are presented to the ARMC.

Internal Control

The Group manages its risks by implementing various internal control mechanisms. The key elements of the internal controls are as follows:

a) The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined roles, responsibilities and authority limits. Authority limits for acquisition and disposal of assets, awarding of contracts and approving operating expenditures are established.
b) The Group has in place well-established and documented business processes which are aligned with the strategic business objectives and goals.
c) The Group has established policies and procedures as well as rules relating to the delegation of authority and segregation of duties for key business processes. The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.

d) The Group has in place an Enterprise Resource Planning System that captures, compiles, analyses and reports relevant data both operational and financial, which enables management to make business decisions in an accurate and timely manner.
e) Management and financial reports are generated monthly to facilitate the Group's management in performing financial and operating reviews of the various divisions.
f) The Group Five (5)-Year Strategic Plan is prepared which charts the business direction and strategies of the key business divisions and is approved by the Board. The progress and the performance in achieving these targets are reviewed annually.
g) Business plans and operating and capital expenditure budgets are prepared by business units and divisions annually, and are approved by the Board. Actual performance and significant variances against budget are monitored on an ongoing basis.
h) Key result areas and key performance indicators are established and aligned with the strategic business objectives and goals. The achievement of the key performance indicators are monitored on an ongoing basis.
i) Operation meetings are conducted regularly by the department heads and heads of the operating units on the day-to-day operations followed by periodic management review by the divisional heads and GMD.
j) Board meetings are held at least quarterly with a formal agenda on matters for discussion. The Board is kept updated on the Group's activities and operations on a timely and regular basis.

RISK REVIEW FOR THE FINANCIAL YEAR

A half-yearly review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each division, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising personnel at all levels, carried out the following areas of work:

a) Conducted reviews and updates of profiles of principal risks and emerging risks both internal and external which could potentially derail the achievement of the business objectives and goals.
b) Evaluated the adequacy of key processes, systems and internal controls in relation to the principal risks.
c) Carried out gap analysis and established strategic responses, actionable programmes and tasks to manage or eliminate performance gaps.
d) Ensured internal audit programmes cover identified principal risks. Audit findings throughout the financial period served as key feedback to validate the effectiveness of risk management activities and embedded internal controls.
e) Reviewed implementation progress of actionable programmes, and evaluated post-implementation effectiveness.
f) Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment.

The risk review includes the division's Internal Control Certification and Assessment Disclosure and the Questionnaire on Controls and Compliance. They adhere to the Corporate Governance Guide – Guidance on Effective Audit and Risk Management issued by Bursa Malaysia.

The ARMC and the Board review bi-annually the principal risks of all divisions to ensure that appropriate mitigating measures are in place.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors, BDO have reviewed this SORMIC for inclusion in the Annual Report of the Group for the financial year ended 30 June 2023. Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it actually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the GMD and Group CFO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group. This SORMIC does not cover associates and jointly controlled entities where the internal control systems of these companies are managed by the respective management teams. This SORMIC has been reviewed and approved by the Board on 13 September 2023.

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND ITS RELATED CORPORATIONS AS AT 30 AUGUST 2023

(Based on the Register of Directors' Shareholdings)

	No. of ordinary shares/ redeemable preference shares*			
Name of Directors	Direct	%^	Indirect	%^
The Company				
Tan Sri Peter Chin Fah Kui	-	-	20,000[1]	#
Dato' Lee Yeow Chor	9,818,800	0.16	3,129,664,980[2]	50.45
Lee Yeow Seng	-	-	3,129,534,980[3]	50.45
Tan Sri Dr Rahamat Bivi binti Yusoff	-	-	-	-
Cheah Tek Kuang	-	-	12,000[4]	#
Dato' Kong Sooi Lin	-	-	-	-
Dr Nesadurai Kalanithi	-	-	-	-
Lim Tuang Ooi (Apppinted on 18 July 2023)	-	-	-	-
Ultimate Holding Company				
Progressive Holdings Sdn Bhd				
Dato' Lee Yeow Chor	18,600,000	77.5	-	-
Lee Yeow Seng	5,400,000	22.5	-	-
Dato' Lee Yeow Chor	1,038,841,775*	77.5	-	-
Lee Yeow Seng	301,599,225*	22.5	-	-

By virtue of Dato' Lee Yeow Chor and Lee Yeow Seng's interests in the ordinary shares of the Company, they are also deemed to be interested in the ordinary shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Notes:
1 Deemed interested by virtue of the interest in shares of his spouse, Puan Sri Ruby Wee Hui Kiang pursuant to Section 59(11)(c) of the Companies Act 2016 (the "Act").
2 Deemed interested by virtue of his interest in Progressive Holdings Sdn Bhd ("PHSB"), pursuant to Section 8 of the Act and also the interest in shares of his spouse, Datin Joanne Wong Su-Ching pursuant to Section 59(11)(c) of the Act.
3 Deemed interested by virtue of his interest in PHSB, pursuant to Section 8 of the Act.
4 Deemed interested by virtue of the interest in shares of his spouse, Ooi Siew Cheng pursuant to Section 59(11)(c) of the Act.
Negligible.
^ Based on total number of issued voting shares (excluding 81,501,700 treasury shares).

SHAREHOLDINGS OF SENIOR MANAGEMENT TEAM

Based on the Record of Depositors as at 30 August 2023, the details of shareholdings of our senior management team are as follows:

Name		Direct	%#	Indirect	%#
1.	Sudhakaran a/l Nottath Bhaskaran	145,600	*	-	-
2.	Subramaniam a/l Arumugam	-	-	-	-
3.	Tan Kean Hua	41,000	*	-	-
4.	Koo Ping Wui	15,000	*	-	-
5.	Teoh Bak Moi	-	-	-	-
6.	Thomas Kummer	-	-	-	-
7.	Lim Jit Uei	-	-	-	-
8.	Shyam a/l M.K. Lakshmanan	12,000	*	-	-
9.	Hans Peter Fitch	-	-	-	-
10.	Kong Kian Beng	-	-	-	-
11.	Dr Surina binti Ismail	-	-	-	-
12.	Tan Choong Khiang	-	-	-	-
13.	Amir Mohd Hafiz bin Amir Khalid	-	-	-	-
14.	Ling Kea Ang	-	-	-	-
15.	Lee Chin Huat	-	-	-	-

Notes:
* Negligible.
# Based on the total number of issued voting shares (excluding 81,501,700 treasury shares).

OTHER INFORMATION

MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by IOI Corporation Berhad ("IOIC" or the "Company") and its subsidiaries (the "Group") during the two (2) years immediately preceding the date of this Annual Report:

(i) Amendment and restatement of the programme agreement in respect of the establishment of the USD1.5 billion Euro Medium Term Note ("EMTN") Programme

On 15 October 2021, IOI Investment (L) Berhad ("IOIIL"), a wholly-owned subsidiary of the Company (as Issuer), and the Company (as Guarantor) executed an Amended and Restated ("A&R") Programme Agreement to amend and restate the programme agreement dated 15 May 2012 in respect of the establishment of the USD1.5 billion EMTN Programme. Under the terms of the A&R Programme Agreement, IOIIL and the Company appointed each of Credit Suisse (Singapore) Limited ("CS"), SMBC Nikko Securities (Hong Kong) Limited ("SMBC Nikko") and Standard Chartered Bank (Singapore) Limited ("SCB") as Arranger and Initial Dealer under the EMTN Programme. Pursuant to the A&R Programme Agreement, the following agreements were also executed:

(a) A&R Agency Agreement dated 15 October 2021 between IOIIL and the Company and China Construction Bank (Asia) Corporation Limited ("CCB") (as Principal Paying Agent, Transfer Agent and Registrar);
(b) Supplemental Trust Deed dated 15 October 2021 between IOIIL and the Company and CCB as Trustee; and
(c) Subscription Agreement dated 26 October 2021 between IOIIL and the Company and each of CS, SMBC Nikko and SCB as Joint Lead Managers.

Subject to the terms and conditions of the A&R Programme Agreement and the Subscription Agreement, the Issuer agreed to issue the USD300 million 3.375% notes due 2031 (the "Notes") under the EMTN Programme and the Joint Lead Managers severally but not jointly agreed to subscribe or procured subscribers for the Notes in the agreed amounts at a price of 98.873% of the principal amount of the Notes, being the issue price of 99.053% less a combined management and underwriting commission of 0.18% of such principal amount. The proceeds of the Notes were used to partially refinance the then existing USD600 million 4.375% notes due June 2022 issued under the EMTN Programme, to fund the tender offer for the said notes, and for general corporate purposes.

(ii) Sale of 10% of the Company's equity interest in Bunge Loders Croklaan Group BV ("BLC")

On 5 August 2022, the Company completed the sale of 1,800 shares ("Share Sale"), representing its 10% shareholdings in BLC to Koninklijke Bunge BV ("KBBV") for a total cash consideration of USD84,416,807.30 plus EUR19,724,815.30 (equivalent to RM465.8 million) (the "Share Sale Consideration").

The Share Sale was provided for in the Shareholders' Agreement ("SHA") entered into by KBBV and the Company and the Share Sale Consideration was based on the mechanism for the put and call options provided in the SHA. With the completion of the Share Sale, the Company's equity interest in BLC was reduced from 30% to 20%. Accordingly, the existing put and call options provided in the SHA were terminated and a net fair value loss on put and call options of RM29.2 million was recognised in the financial statements of the Group and of the Company in relation to the derecognition of the put and call options.

OTHER INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

Recurrent related party transactions of a revenue nature of the Group conducted pursuant to shareholders' mandate for the financial year ended 30 June 2023 are as follows:

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/Major Shareholders and/or Persons Connected	Value of Transactions (RM million)
Nice Frontier Sdn Bhd ("NFSB") (1)	Purchase of fresh fruit bunches ("FFB") by Pamol Plantations Sdn Bhd ("PPSB") (1)	• Vertical Capacity Sdn Bhd ("VCSB")[2] • Progressive Holdings Sdn Bhd ("PHSB")[3] • Dato' Lee Yeow Chor ("Dato' Lee")[4] • Lee Yeow Seng ("LYS")[5] • Datin Joanne Wong Su-Ching ("DJW")[6] • Lee Yoke Ling ("LY Ling")[6] • Lee Yoke Har ("LY Har")[6] • Lee Yoke Hean ("LY Hean")[6] • Lee Yoke Hui ("LY Hui")[6] • Lor Ching San ("LCS")[6]	14.07
GLM Emerald Industrial Park (Jasin) Sdn Bhd ("GLM") (1)	Purchase of FFB by Dynamic Plantations Berhad ("DPB") (1)	• VCSB[7] • PHSB[8] • Dato' Lee[9] • LYS[10] • DJW[6] • LY Ling[6] • LY Har[6] • LY Hean[6] • LY Hui[6] • LCS[6]	9.06

Notes:

1 Details of the transacting parties:

Name of Company	Effective Equity (%)	Principal Activities
NFSB, a subsidiary of IOI Properties Group Berhad ("IOIPG")	Not applicable	Property development, cultivation of plantation produce and property investment
PPSB, a subsidiary of IOIC	100.00	Cultivation of oil palm, processing of palm oil and investment holding
GLM, an associate company of IOIPG	Not applicable	Property development and operation of oil palm estate
DPB, a subsidiary of IOIC	100.00	Cultivation of oil palm and processing of palm oil

2 VCSB is the ultimate holding company of IOIPG and a deemed Major Shareholder of NFSB.
3 PHSB is the ultimate holdings company of IOIC and a deemed Major Shareholder of PPSB.
4 Dato' Lee is the Group Managing Director and Chief Executive ("GMD") of IOIC and a Director of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of LYS. Dato' Lee is also a Director of PPSB.
5 LYS is a Director of IOIC and the Chief Executive Officer ("CEO") of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of Dato' Lee. LYS is also a Director of NFSB.
6 DJW is the spouse of Dato' Lee. LY Ling, LY Har, LY Hean and LY Hui are the sisters of Dato' Lee and LYS. LCS is the spouse of LY Har.
7 VCSB is the ultimate holding company of IOIPG, which in turn owns 31.96% effective equity interest in GLM.
8 PHSB is the ultimate holdings company of IOIC and a deemed Major Shareholder of DPB.
9 Dato' Lee is the GMD of IOIC and a Director of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of LYS. Dato' Lee is also a Director of DPB.
10 LYS is a Director of IOIC and the CEO of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. He is the brother of Dato' Lee. LYS is also a Director of GLM.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered by the external auditors, BDO PLT and their affiliated companies or firms to the Company and the Group for the financial year ended 30 June 2023 are as follows:

Fees	Company (RM million)	Group (RM million)
Audit Fees	0.148	1.487
Non-Audit Fees	0.006	0.486
Total	**0.154**	**1.973**

UTILISATION OF PROCEEDS

On 1 March 2018, the Group completed the disposal of 70% equity interest in BLC with a preliminary disposal consideration of USD595.0 million plus EUR303.4 million (total approximately RM3,784.7 million). On 23 October 2018, the Group had received a net adjustment amount of EUR11.5 million (approximately RM55.0 million) upon finalisation of the intermediate disposal consideration in accordance with the terms of the sale and purchase agreement.

The status of the utilisation of proceeds as at 30 August 2023 is as follows:

Purpose	Proposed Utilisation (RM million)	Actual Utilisation (RM million)	Initial Timeframe	Revised Timeframe*	Second Revised Timeframe^	Third Revised Timeframe#
Future investment	959.9	727.4	Within 24 months	Within 42 months	Within 57 months	Within 69 months
Dividend to shareholders	767.9	767.9	Within 12 months	Within 30 months	-	-
Repayment of borrowings	1,919.9	1,919.9	Within 24 months	-	-	-
General working capital	182.4	182.4	Within 24 months	-	-	-
Transaction expenses	9.6	9.6	Immediate	-	-	-
Total	**3,839.7**	**3,607.2**				

* On 18 February 2020, the Board of Directors (the "Board") had resolved to extend the initial utilisation timeframe for an additional period of 18 months (i.e. Revised Timeframe) to utilise the remaining proceeds.
^ On 24 August 2021, the Board had resolved to extend the Revised Timeframe for an additional period of 15 months (i.e. Second Revised Timeframe) to utilise the remaining proceeds.
# On 25 November 2022, the Board had resolved to extend the Second Revised Timeframe for an additional period of 12 months (i.e. Third Revised Timeframe) to utilise the remaining proceeds.

FINANCIAL REPORT

DIRECTORS' REPORT

The Directors of IOI Corporation Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries, associates and a joint venture are primarily involved in investment holding; oil palm cultivation and processing; commodities trading and refinery; manufacture and sales of fatty acids, soap noodles, glycerine and other oleochemical related products; manufacture and sale of plasticizer products, margarine, shortening and fat spreads; processing of oil palm trunks and other bio-matter derived from plantations to produce materials used in furniture, construction and building industries; processing of crude coconut oil; production and supply of palm-based renewable energy; as well as provision of management services and other related business activities. The principal activities and the details of the subsidiaries, associates and a joint venture are set out in Note 41 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year are as follows:

In RM million	Group	Company
Profit before tax	1,526.0	1,084.7
Tax expense	(396.0)	(26.6)
Profit for the financial year	1,130.0	1,058.1
Attributable to:		
Owners of the parent	1,114.2	1,058.1
Non-controlling interests	15.8	-
	1,130.0	1,058.1

DIVIDENDS

Dividends declared and paid since the end of the previous financial year were as follows:

In RM million	Company
In respect of the financial year ended 30 June 2022	
Second interim single tier dividend of 8.0 sen per ordinary share, paid on 23 September 2022	497.0
In respect of the financial year ended 30 June 2023	
First interim single tier dividend of 6.0 sen per ordinary share, paid on 24 March 2023	372.4
	869.4

On 22 August 2023, the Board of Directors declared a second interim single tier dividend of 5.0 sen per ordinary share, amounting to RM310.2 million in respect of the financial year ended 30 June 2023. The dividend is payable on 22 September 2023 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 7 September 2023.

No final dividend has been recommended by the Board of Directors for the financial year ended 30 June 2023.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings ("AGM") of the Company, including the last AGM held on 31 October 2022.

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company.

During the financial year, the Company repurchased 9,275,200 of its ordinary shares from the open market. The average price paid for the ordinary shares repurchased was RM3.71 per ordinary share. The repurchase transactions were financed by internally generated funds. The ordinary shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The Company has the right to cancel, resell and/or distribute the treasury shares as dividends or transfer the treasury shares as purchase consideration at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased had been sold, cancelled or transferred during the financial year.

At the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 6,203,697,295 ordinary shares.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The Directors of the Company who have held office during the financial year until the date of this report are as follows:

Tan Sri Peter Chin Fah Kui
Dato' Lee Yeow Chor
Lee Yeow Seng
Tan Sri Dr Rahamat Bivi binti Yusoff
Cheah Tek Kuang
Dr Nesadurai Kalanithi
Dato' Kong Sooi Lin
Lim Tuang Ooi (Appointed on 18 July 2023)
Datuk Zurinah binti Pawanteh (Appointed on 1 September 2023)
Datuk Karownakaran @ Karunakaran a/l Ramasamy (Retired on 31 October 2022)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and redeemable preference shares of the Company and of its related corporations during the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia are as follows:

	As at 1 July 2022	Acquired	Disposed	As at 30 June 2023
The Company				
Direct interest				
No. of ordinary shares				
Dato' Lee Yeow Chor	9,818,800	-	-	**9,818,800**
Indirect interests				
No. of ordinary shares				
Tan Sri Peter Chin Fah Kui	20,000	-	-	**20,000**
Dato' Lee Yeow Chor	3,129,664,980	-	-	**3,129,664,980**
Lee Yeow Seng	3,129,534,980	-	-	**3,129,534,980**
Cheah Tek Kuang	12,000	-	-	**12,000**
Ultimate Holding Company				
Progressive Holdings Sdn Bhd				
Direct interests				
No. of ordinary shares				
Dato' Lee Yeow Chor	18,600,000	-	-	**18,600,000**
Lee Yeow Seng	5,400,000	-	-	**5,400,000**
No. of redeemable preference shares				
Dato' Lee Yeow Chor	1,307,766,775	-	(268,925,000)	**1,038,841,775**
Lee Yeow Seng	379,674,225	-	(78,075,000)	**301,599,225**

By virtue of Dato' Lee Yeow Chor's and Lee Yeow Seng's interests in the ordinary shares of the Company and of its ultimate holding company, they are also deemed to be interested in the shares of all the subsidiaries of the Company and of its ultimate holding company to the extent that the Company and its ultimate holding company have an interest.

The other Directors holding office at the end of the financial year namely, Tan Sri Dr Rahamat Bivi binti Yusoff, Dr Nesadurai Kalanithi and Dato' Kong Sooi Lin did not have any interest in the ordinary shares and redeemable preference shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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 by virtue of the significant related party transactions entered into in the ordinary course of business as disclosed in Note 36 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling 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.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

In RM million	Group	Company
Fees	1.3	1.3
Remuneration	20.4	20.4
Total short term employee benefits	21.7	21.7
Post-employment benefits	2.3	2.3
	24.0	24.0

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year 2023 was RM72,930.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate provision had been made for doubtful debts; and

ii. to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which they might be expected so to realise.

As at the date of this report, the Directors are not aware of any circumstances:

i. which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

As at the date of this report, there does not exist:

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

ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year, which in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

As 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 that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

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

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Dato' Lee Yeow Chor
Lee Cheng Leang [^]
Lee Yeow Seng
Amir Mohd Hafiz bin Amir Khalid [*]
Datuk Abdul Ghani bin Mohamed Yassin
Datu Monaliza binti Zaidel
Dr Klaus Kasimir Wilgenbus [*]
Goh Pet Choo [^]
Hans Peter Fitch
Joseph N Emuang JR
Khong Seow Kuen [^]
Kong Kian Beng
Koo Ping Wui
Lai Choon Wah [^]
Law Kim Soon [*]
Lawrence Lee Beng Teck [^^]
Lee Beng Hong [#]
Lee Beng Kiong [#]
Lee Nyuk Choon @ Jamilah Ariffin
Lee Suat Kwan [*/#]
Lee Yoke Hean
Lim Jit Uei (Lin Riwei)
Low Pei Chen
Mark Tuchen [*/^]
Risman
Sebastian Anak Baya
Subramaniam Arumugam
Sudhakaran a/l Nottath Bhaskaran
Shyam a/l M K Lakshmanan

LIST OF DIRECTORS OF SUBSIDIARIES (Continued)

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows (Continued):

Tan Kean Hua
Tan Keng Seng ^
Tan Sri Dato' Sri Koh Kin Lip
Teah Chin Guan @ Teh Chin Guan
Teddy Firman bin Simanjuntak
Teunis Eigenraam *
Wong Yin Ling *

^ *Resigned during the financial year.*
^^ *Demised during the financial year.*
* *Appointed during the financial year.*
\# *Ceased to hold office due to dissolution of company.*

ULTIMATE HOLDING COMPANY

The ultimate holding company is Progressive Holdings Sdn Bhd, a company incorporated in Malaysia.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The Directors who serve as members of the ARMC as at the date of this report are as follows:

Dato' Kong Sooi Lin (Chairman)
Tan Sri Dr Rahamat Bivi binti Yusoff
Cheah Tek Kuang
Lim Tuang Ooi (Appointed on 18 July 2023)

GOVERNANCE, NOMINATING AND REMUNERATION COMMITTEE ("GNRC")

The Directors who serve as members of the GNRC as at the date of this report are as follows:

Tan Sri Dr Rahamat Bivi binti Yusoff (Appointed as Chairman on 26 September 2022)
Cheah Tek Kuang
Dr Nesadurai Kalanithi

BOARD SUSTAINABILITY COMMITTEE ("BSC")

The Directors who serve as members of the BSC as at the date of this report are as follows:

Dr Nesadurai Kalanithi (Chairman)
Dato' Kong Sooi Lin
Datuk Zurinah binti Pawanteh (Appointed on 1 September 2023)

DIRECTORS' REPORT

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

During the financial year under review, the continued conflict between Russia and Ukraine has intermittently caused disruptions in the supply chain of sunflower oil. However, these disruptions have limited impact on global vegetable oil prices.

In addition, the Russia-Ukraine war has also exacerbated the energy crisis in Europe in the first half of the financial year, which resulted in higher energy cost to the German oleochemical operations of the Group, has since moderated to lower levels. However, these events did not have material impact on the financial position and performance of the Group.

The Group will look out for catalyst for growth with our continuous effort to strive for operational and cost efficiency. The Group expects to be resilient in its financial performance for the financial year ending 30 June 2024 and expects its operating and financial performance to be satisfactory.

AUDITORS

The auditors, BDO PLT [201906000013 (LLP0018825-LCA) & AF 0206], have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

In RM million	Group	Company
Statutory audit		
- BDO PLT	1.2	0.1
- Member firms of BDO International	0.3	-
- Other auditors	0.8	-
	2.3	0.1

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive

Putrajaya
13 September 2023

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
In RM million	Note	2023	2022	2023	2022
Revenue	5	**11,583.8**	15,578.7	**966.4**	1,256.2
Cost of sales		**(9,321.7)**	(11,732.7)	**(4.8)**	(6.6)
Gross profit		**2,262.1**	3,846.0	**961.6**	1,249.6
Other operating income	6	**1,003.4**	865.5	**362.5**	85.6
Marketing and selling expenses		**(243.4)**	(284.5)	**-**	-
Administration expenses		**(383.2)**	(356.8)	**(28.8)**	(32.0)
Other operating expenses	7	**(1,097.7)**	(1,917.4)	**(151.6)**	(183.7)
Operating profit		**1,541.2**	2,152.8	**1,143.7**	1,119.5
Share of results of associates, net of tax		**272.8**	343.8	**-**	-
Share of result of a joint venture, net of tax		**1.5**	(2.4)	**-**	-
Profit before interest and tax		**1,815.5**	2,494.2	**1,143.7**	1,119.5
Interest income	8	**34.4**	30.5	**141.4**	43.0
Finance costs	9	**(149.4)**	(159.3)	**(126.4)**	(90.5)
Net foreign currency translation (loss)/gain on foreign currency denominated borrowings		**(193.5)**	(16.2)	**(93.3)**	55.9
Net foreign currency translation gain on foreign currency denominated deposits		**19.0**	3.4	**19.3**	3.3
Profit before tax	10	**1,526.0**	2,352.6	**1,084.7**	1,131.2
Tax expense	11	**(396.0)**	(583.7)	**(26.6)**	(4.6)
Profit for the financial year		**1,130.0**	1,768.9	**1,058.1**	1,126.6
Attributable to:					
Owners of the parent		**1,114.2**	1,725.3	**1,058.1**	1,126.6
Non-controlling interests		**15.8**	43.6	**-**	-
		1,130.0	1,768.9	**1,058.1**	1,126.6
Earnings per ordinary share attributable to owners of the parent (sen)	12				
Basic		**17.95**	27.74		
Diluted		**17.95**	27.74		
Dividend per ordinary share (sen)	13				
First interim single tier dividend		**6.0**	6.0	**6.0**	6.0
Second interim single tier dividend		**5.0**	8.0	**5.0**	8.0
Total		**11.0**	14.0	**11.0**	14.0

The notes on pages 137 to 237 form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
In RM million	2023	2022	2023	2022
Profit for the financial year	**1,130.0**	1,768.9	**1,058.1**	1,126.6
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Share of other comprehensive income/(loss) of associates	**0.2**	(0.4)	**-**	-
Re-measurements of the defined benefit obligations	**3.2**	9.8	**-**	-
Tax effect relating to re-measurements of the defined benefit obligations	**(1.0)**	(3.0)	**-**	-
	2.4	6.4	**-**	-
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss when specific conditions are met				
Exchange differences on translation of foreign operations	**219.0**	11.1	**-**	-
Other comprehensive loss reclassified subsequently to profit or loss arising from partial disposal of 10% equity interest in an associate	**(14.1)**	-	**-**	-
Share of other comprehensive (loss)/income of associates	**(27.9)**	88.2	**-**	-
Hedge of interest rate risk on issuance of Guaranteed Notes due 2031				
Realised gain on settlement of hedging instrument	**-**	24.8	**-**	-
Reclassified to profit or loss	**(2.7)**	(1.7)	**-**	-
Hedge of net investments in foreign operations	**-**	(35.9)	**-**	-
	174.3	86.5	**-**	-
Other comprehensive income for the financial year, net of tax	**176.7**	92.9	**-**	-
Total comprehensive income for the financial year	**1,306.7**	1,861.8	**1,058.1**	1,126.6
Total comprehensive income attributable to:				
Owners of the parent	**1,290.9**	1,819.2	**1,058.1**	1,126.6
Non-controlling interests	**15.8**	42.6	**-**	-
	1,306.7	1,861.8	**1,058.1**	1,126.6

The notes on pages 137 to 237 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

In RM million	Note	Group 2023	Group 2022	Company 2023	Company 2022
ASSETS					
Non-current assets					
Property, plant and equipment	14	**8,995.2**	8,709.2	**82.6**	81.9
Intangible assets	15	**414.8**	416.0	**0.7**	0.9
Investments in subsidiaries	16	**-**	-	**6,705.7**	6,695.7
Amounts due from subsidiaries	16	**-**	-	**1,202.1**	1,016.6
Investments in associates	17	**3,013.3**	3,110.0	**683.2**	791.3
Derivative assets	18	**107.3**	118.8	**46.3**	40.4
Deferred tax assets	19	**18.6**	39.3	**10.0**	10.1
Other non-current assets	20	**106.4**	95.1	**7.8**	7.8
		12,655.6	12,488.4	**8,738.4**	8,644.7
Current assets					
Inventories	21	**1,113.9**	1,601.5	**-**	-
Trade and other receivables	22	**1,307.1**	1,607.6	**33.4**	41.6
Amounts due from subsidiaries	16	**-**	-	**1,151.3**	1,738.9
Amounts due from associates	23	**34.3**	225.1	**-**	186.7
Derivative assets	18	**50.6**	534.5	**-**	111.8
Other investments	24	**67.4**	61.0	**1.1**	1.9
Other current assets	25	**118.0**	96.8	**0.4**	0.8
Short term funds	26	**1,158.0**	1,102.6	**-**	-
Deposits with financial institutions	27	**53.5**	230.9	**51.4**	50.1
Cash and bank balances		**1,023.5**	1,219.4	**65.0**	77.3
		4,926.3	6,679.4	**1,302.6**	2,209.1
TOTAL ASSETS		**17,581.9**	19,167.8	**10,041.0**	10,853.8

The notes on pages 137 to 237 form an integral part of the financial statements.

In RM million	Note	Group 2023	Group 2022	Company 2023	Company 2022
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	28	**791.1**	791.1	**791.1**	791.1
Treasury shares	28	**(309.8)**	(275.4)	**(309.8)**	(275.4)
Reserves	29	**287.1**	112.8	**-**	-
Retained earnings		**10,562.4**	10,315.2	**6,729.3**	6,540.6
		11,330.8	10,943.7	**7,210.6**	7,056.3
Non-controlling interests		**339.8**	340.8	**-**	-
Total equity		**11,670.6**	11,284.5	**7,210.6**	7,056.3
LIABILITIES					
Non-current liabilities					
Borrowings	30	**2,895.7**	2,826.6	**818.7**	835.5
Amounts due to subsidiaries	16	**-**	-	**1,008.9**	1,063.4
Lease liabilities	31	**54.9**	56.9	**-**	-
Deferred tax liabilities	19	**1,206.7**	1,167.7	**-**	-
Other non-current liabilities	32	**78.5**	80.5	**-**	-
		4,235.8	4,131.7	**1,827.6**	1,898.9
Current liabilities					
Borrowings	30	**861.5**	2,155.4	**680.8**	1,159.5
Trade and other payables	33	**711.1**	940.8	**119.6**	105.5
Amounts due to subsidiaries	16	**-**	-	**199.8**	551.0
Derivative liabilities	18	**59.1**	458.7	**-**	82.6
Lease liabilities	31	**8.2**	8.9	**-**	-
Other current liabilities	34	**35.6**	187.8	**2.6**	-
		1,675.5	3,751.6	**1,002.8**	1,898.6
Total liabilities		**5,911.3**	7,883.3	**2,830.4**	3,797.5
TOTAL EQUITY AND LIABILITIES		**17,581.9**	19,167.8	**10,041.0**	10,853.8

The notes on pages 137 to 237 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

In RM million	Share capital	Treasury shares	Non-distributable: Capital reserves	Non-distributable: Foreign currency translation reserve	Non-distributable: Hedging reserve	Non-distributable: Other reserves	Distributable: Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
Group										
As at 1 July 2021	791.1	(141.2)	7.7	0.8	35.9	(19.1)	9,330.2	10,005.4	309.0	10,314.4
Profit for the financial year	-	-	-	-	-	-	1,725.3	1,725.3	43.6	1,768.9
Re-measurements of the defined benefit obligations	-	-	-	-	-	-	6.8	6.8	-	6.8
Exchange differences on translation of foreign operations	-	-	-	12.1	-	-	-	12.1	(1.0)	11.1
Share of other comprehensive income/(loss) of associates	-	-	-	75.6	-	12.6	(0.4)	87.8	-	87.8
Hedge of interest rate risk on issuance of Guaranteed Notes due 2031	-	-	-	-	23.1	-	-	23.1	-	23.1
Hedge of net investments in foreign operations	-	-	-	-	(35.9)	-	-	(35.9)	-	(35.9)
Total comprehensive income/(loss)	-	-	-	87.7	(12.8)	12.6	1,731.7	1,819.2	42.6	1,861.8
Transactions with owners										
Dividend paid in respect of current financial year (Note 13)	-	-	-	-	-	-	(372.7)	(372.7)	-	(372.7)
Dividend paid in respect of previous financial year (Note 13)	-	-	-	-	-	-	(374.0)	(374.0)	-	(374.0)
Repurchase of shares (Note 28.2)	-	(134.2)	-	-	-	-	-	(134.2)	-	(134.2)
Issuance of ordinary shares to non-controlling interest in a subsidiary (Note 41)	-	-	-	-	-	-	-	-	3.8	3.8
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(14.6)	(14.6)
As at 30 June 2022	791.1	(275.4)	7.7	88.5	23.1	(6.5)	10,315.2	10,943.7	340.8	11,284.5

The notes on pages 137 to 237 form an integral part of the financial statements.

In RM million	Share capital	Treasury shares	Non-distributable: Capital reserves	Non-distributable: Foreign currency translation reserve	Non-distributable: Hedging reserve	Non-distributable: Other reserves	Distributable: Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
Group										
As at 1 July 2022	**791.1**	**(275.4)**	**7.7**	**88.5**	**23.1**	**(6.5)**	**10,315.2**	**10,943.7**	**340.8**	**11,284.5**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**1,114.2**	**1,114.2**	**15.8**	**1,130.0**
Re-measurements of the defined benefit obligations	**-**	**-**	**-**	**-**	**-**	**-**	**2.2**	**2.2**	**-**	**2.2**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**219.0**	**-**	**-**	**-**	**219.0**	**-**	**219.0**
Other comprehensive loss reclassified subsequently to profit or loss arising from partial disposal of 10% equity interest in an associate	**-**	**-**	**-**	**(14.1)**	**-**	**-**	**-**	**(14.1)**	**-**	**(14.1)**
Share of other comprehensive (loss)/ income of associates	**-**	**-**	**-**	**(34.0)**	**-**	**6.1**	**0.2**	**(27.7)**	**-**	**(27.7)**
Hedge of interest rate risk on issuance of Guaranteed Notes due 2031	**-**	**-**	**-**	**-**	**(2.7)**	**-**	**-**	**(2.7)**	**-**	**(2.7)**
Total comprehensive income/(loss)	**-**	**-**	**-**	**170.9**	**(2.7)**	**6.1**	**1,116.6**	**1,290.9**	**15.8**	**1,306.7**
Transactions with owners										
Dividend paid in respect of current financial year (Note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**(372.4)**	**(372.4)**	**-**	**(372.4)**
Dividend paid in respect of previous financial year (Note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**(497.0)**	**(497.0)**	**-**	**(497.0)**
Repurchase of shares (Note 28.2)	**-**	**(34.4)**	**-**	**-**	**-**	**-**	**-**	**(34.4)**	**-**	**(34.4)**
Change in equity interest in a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.7)**	**(2.7)**
Issuance of ordinary shares to non-controlling interest in a subsidiary (Note 41)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14.4)**	**(14.4)**
As at 30 June 2023	**791.1**	**(309.8)**	**7.7**	**259.4**	**20.4**	**(0.4)**	**10,562.4**	**11,330.8**	**339.8**	**11,670.6**

The notes on pages 137 to 237 form an integral part of the financial statements.

In RM million	Share capital	Treasury shares	Distributable Retained earnings	Total equity
Company				
As at 1 July 2021	791.1	(141.2)	6,160.7	6,810.6
Profit for the financial year	-	-	1,126.6	1,126.6
Total comprehensive income	-	-	1,126.6	1,126.6
Transactions with owners				
Dividend paid in respect of current financial year (Note 13)	-	-	(372.7)	(372.7)
Dividend paid in respect of previous financial year (Note 13)	-	-	(374.0)	(374.0)
Repurchase of shares (Note 28.2)	-	(134.2)	-	(134.2)
As at 30 June 2022	791.1	(275.4)	6,540.6	7,056.3
As at 1 July 2022	**791.1**	**(275.4)**	**6,540.6**	**7,056.3**
Profit for the financial year	**-**	**-**	**1,058.1**	**1,058.1**
Total comprehensive income	**-**	**-**	**1,058.1**	**1,058.1**
Transactions with owners				
Dividend paid in respect of current financial year (Note 13)	**-**	**-**	**(372.4)**	**(372.4)**
Dividend paid in respect of previous financial year (Note 13)	**-**	**-**	**(497.0)**	**(497.0)**
Repurchase of shares (Note 28.2)	**-**	**(34.4)**	**-**	**(34.4)**
As at 30 June 2023	**791.1**	**(309.8)**	**6,729.3**	**7,210.6**

The notes on pages 137 to 237 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

In RM million	Note	Group 2023	Group 2022	Company 2023	Company 2022
Cash Flows From Operating Activities					
Profit before tax		**1,526.0**	2,352.6	**1,084.7**	1,131.2
Adjustments for:					
Depreciation of property, plant and equipment	14	**367.0**	350.9	**1.2**	1.3
Amortisation of intangible assets	15.2	**7.2**	7.9	**0.2**	0.1
Net fair value loss/(gain) on derivative financial instruments		**51.8**	(40.1)	**(3.5)**	(10.6)
Net fair value loss/(gain) on other investments		**5.8**	(5.9)	**0.8**	(0.4)
Net fair value loss on put and call options	7	**29.2**	103.8	**29.2**	103.8
Net loss/(gain) arising from changes in fair value of biological assets	25.1	**17.6**	(2.6)	**0.3**	(0.1)
(Reversal of impairment loss)/Impairment loss on investment in a subsidiary	16.1	**-**	-	**(5.2)**	5.0
Impairment loss on Group's interest in an associate	17.1	**-**	33.9	**-**	-
Loss on repurchase of Guaranteed Notes due 2022	30.4	**-**	29.4	**-**	-
Net gain on partial disposal of 10% equity interest in an associate	17.1	**(17.2)**	-	**(210.3)**	-
Net gain on disposal of property, plant and equipment		**(6.4)**	(0.7)	**-**	(0.2)
Property, plant and equipment written off	7	**2.0**	4.0	**0.6**	0.5
Intangible assets written off	15.2	**0.6**	-	**-**	-
Gain on reassessments and modifications of leases	6	**(0.3)**	-	**-**	-
Net (reversal of inventories written down)/ inventories written down to net realisable value		**(55.4)**	101.3	**-**	-
Retirement benefits expenses	32.1	**3.8**	3.9	**-**	-
Amortisation of deferred income	32.2	**(2.5)**	(2.5)	**-**	-
Fair value changes on financial guarantee contracts	33.3	**-**	-	**(0.2)**	1.5
Dividend income from associates		**-**	-	**(9.0)**	(305.9)
Dividend income from subsidiaries		**-**	-	**(925.2)**	(903.2)
Share of results of associates		**(272.8)**	(343.8)	**-**	-
Share of result of a joint venture		**(1.5)**	2.4	**-**	-
Interest income	8	**(34.4)**	(30.5)	**(141.4)**	(43.0)
Finance costs	9	**149.4**	159.3	**126.4**	90.5
Net foreign currency translation loss/(gain) on foreign currency denominated borrowings	10	**193.5**	16.2	**93.3**	(55.9)
Net unrealised foreign currency translation gain		**(10.6)**	(13.1)	**(53.3)**	(8.8)
Others		**(16.5)**	(5.8)	**(13.1)**	1.6
Operating profit/(loss) before working capital changes		**1,936.3**	2,720.6	**(24.5)**	7.4
Decrease/(Increase) in inventories		**546.3**	(405.9)	**-**	-
Decrease/(Increase) in trade receivables		**292.1**	(87.7)	**-**	-
Decrease/(Increase) in other receivables, deposits and prepayments		**55.3**	(88.1)	**8.3**	(2.9)
(Decrease)/Increase in trade payables		**(102.7)**	82.8	**-**	-
(Decrease)/Increase in other payables and accruals		**(118.3)**	74.3	**7.5**	(0.8)
Cash generated from/(used in) operations		**2,609.0**	2,296.0	**(8.7)**	3.7
Retirement benefits paid	32.1	**(3.4)**	(2.6)	**-**	-
Tax refunded		**17.4**	5.4	**-**	-
Tax paid		**(549.8)**	(498.9)	**(23.6)**	(5.0)
Net cash from/(used in) operating activities		**2,073.2**	1,799.9	**(32.3)**	(1.3)

The notes on pages 137 to 237 form an integral part of the financial statements.

		Group		Company	
In RM million	Note	2023	2022	2023	2022
Cash Flows From Investing Activities					
Dividends received from associates		**175.7**	381.4	**9.0**	305.9
Dividends received from subsidiaries		**-**	-	**925.2**	903.2
Dividends received from other investments		**2.2**	3.0	**0.4**	0.2
Interest received		**34.2**	30.4	**6.9**	2.3
Proceeds from disposal of property, plant and equipment		**14.4**	1.4	**-**	0.2
Proceeds from partial disposal of 10% equity interest in an associate		**465.8**	-	**465.8**	-
Proceeds from disposal of other investments		**-**	40.7	**-**	2.2
Proceeds from disposal of a subsidiary		**-**	-	**0.1**	-
Return of capital contribution from other investment		**5.2**	-	**-**	-
Acquisitions of additional interests in subsidiaries		**-**	-	**(8.2)**	(15.2)
Acquisition of equity interest from a non-controlling interest		**(7.1)**	-	**-**	-
Additions to property, plant and equipment	14	**(604.9)**	(439.0)	**(2.5)**	(1.1)
Additions to investment properties		**(0.3)**	-	**-**	-
Additions to other investments		**(21.4)**	(55.4)	**-**	-
Additions to intangible assets	15.2	**(6.1)**	(1.6)	**-**	(0.4)
Additions to biological assets	25.1	**(3.8)**	(0.7)	**(0.2)**	-
Additional investment in an associate		**(147.4)**	-	**(147.4)**	-
Repayment from/(Advances to) an associate		**183.0**	(183.0)	**183.0**	(183.0)
Repayment from/(Advances to) subsidiaries		**-**	-	**120.8**	(1,347.4)
Subscriptions of redeemable preference shares of subsidiaries		**-**	-	**(3.8)**	(10.9)
Redemptions of redeemable preference shares of subsidiaries		**-**	-	**0.9**	112.2
Proceeds from share capital reduction of subsidiaries		**-**	-	**1.1**	57.5
Net cash from/(used in) investing activities		**89.5**	(222.8)	**1,551.1**	(174.3)
Cash Flows From Financing Activities					
Proceeds from issuance of shares to a non-controlling interest		**0.3**	3.8	**-**	-
Repurchase of shares	28.2	**(34.4)**	(134.2)	**(34.4)**	(134.2)
Dividends paid	13	**(869.4)**	(746.7)	**(869.4)**	(746.7)
Dividends paid to non-controlling interests		**(14.4)**	(14.6)	**-**	-
Repurchase of Guaranteed Notes due 2022		**-**	(1,258.2)	**-**	-
Redemption of Guaranteed Notes due 2022	30.4	**-**	(1,342.1)	**-**	-
Issuance of Guaranteed Notes due 2031	30.5	**-**	1,243.9	**-**	-
Net settlements of hedging instruments arising from repayments of borrowings		**(0.3)**	16.9	**(0.3)**	16.9
Drawdowns of Islamic financing facilities		**-**	686.5	**-**	686.5
Repayments of Islamic financing facilities		**(69.2)**	(469.9)	**(69.2)**	(238.5)
Net (repayments)/drawdowns of short term borrowings		**(1,350.8)**	1,092.0	**(522.7)**	643.1
Net settlement of hedging instrument - Treasury lock contract	30.5	**-**	24.8	**-**	-
Payments of lease liabilities	31.2	**(11.1)**	(9.6)	**-**	-
Payments of lease interest	31.2	**(3.9)**	(3.8)	**-**	-
Finance costs paid		**(150.1)**	(148.0)	**(50.9)**	(13.2)
Net cash (used in)/from financing activities		**(2,503.3)**	(1,059.2)	**(1,546.9)**	213.9
Net (decrease)/increase in cash and cash equivalents		**(340.6)**	517.9	**(28.1)**	38.3
Cash and cash equivalents at beginning of financial year		**2,552.9**	2,024.9	**127.4**	84.9
Effects of exchange rate changes		**22.7**	10.1	**17.1**	4.2
Cash and cash equivalents at end of financial year	35	**2,235.0**	2,552.9	**116.4**	127.4

The notes on pages 137 to 237 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Both the registered office and principal place of business of the Company are located at Level 29, IOI City Tower 2, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Wilayah Persekutuan (Putrajaya), Malaysia.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries, associates and a joint venture are primarily involved in investment holding; oil palm cultivation and processing; commodities trading and refinery; manufacture and sales of fatty acids, soap noodles, glycerine and other oleochemical related products; manufacture and sale of plasticizer products, margarine, shortening and fat spreads; processing of oil palm trunks and other bio-matter derived from plantations to produce materials used in furniture, construction and building industries; processing of crude coconut oil; production and supply of palm-based renewable energy; as well as provision of management services and other related business activities. The principal activities and the details of the subsidiaries, associates and a joint venture are set out in Note 41 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The ultimate holding company is Progressive Holdings Sdn Bhd, which is incorporated in Malaysia.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and all financial information presented in RM are rounded to the nearest million, except where otherwise stated.

3. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

3.1 New MFRSs adopted during the current financial year

Title

Annual Improvements to MFRS Standards 2018 – 2020
Amendments to MFRS 3 *Reference to the Conceptual Framework*
Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*

There is no material impact upon adoption of the above Amendments to MFRSs during the financial year.

3. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (Continued)

3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 – Comparative Information*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 16 *Lease Liability in a Sale 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 Arrangements*	1 January 2024
Amendments to MFRS 121 *Lack of Exchangeability*	1 January 2025
Amendments to MFRS 112 *International Tax Reform – Pillar Two Model Rules*	Refer paragraph 98M of MFRS 112
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of the adoption of these Amendments to MFRSs and MFRS since the effects would only be observable in future financial years.

4. SEGMENTAL INFORMATION

The Group has two (2) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Plantation	Cultivation of oil palm, rubber and coconut and processing of palm oil
Resource-based manufacturing	Manufacturing of oleochemical, specialty oils and fats, palm oil refinery and palm kernel crushing, and processing of oil palm trunks
Other operations	Other operations, which are not sizable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities, loans and borrowings that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and segment liabilities to the Group position.

4. SEGMENTAL INFORMATION (Continued)

In RM million	Plantation	Resource-based manufacturing	Other operations	Elimination	Total
Group					
2023					
Revenue					
External sales	**312.0**	**11,252.2**	**19.6**	**-**	**11,583.8**
Inter-segment sales	**2,364.4**	**-**	**-**	**(2,364.4)**	**-**
Total revenue	**2,676.4**	**11,252.2**	**19.6**	**(2,364.4)**	**11,583.8**
Result					
Operating profit/(loss)	**980.3**	**660.6**	**(1.1)**	**-**	**1,639.8**
Share of results of associates	**185.8**	**87.0**	**-**	**-**	**272.8**
Share of result of a joint venture	**-**	**1.5**	**-**	**-**	**1.5**
Segment results before fair value adjustments	**1,166.1**	**749.1**	**(1.1)**	**-**	**1,914.1**
Net fair value (loss)/gain on:					
Biological assets	**(17.6)**	**-**	**-**	**-**	**(17.6)**
Derivative financial instruments	**2.8**	**(58.1)**	**-**	**-**	**(55.3)**
Segment results	**1,151.3**	**691.0**	**(1.1)**	**-**	**1,841.2**
Assets					
Operating assets	**8,662.6**	**3,996.9**	**308.5**	**-**	**12,968.0**
Interests in associates	**1,449.7**	**1,563.6**	**-**	**-**	**3,013.3**
Interest in a joint venture	**-**	**6.9**	**-**	**-**	**6.9**
Segment assets	**10,112.3**	**5,567.4**	**308.5**	**-**	**15,988.2**
Liabilities					
Segment liabilities	**430.3**	**473.3**	**35.0**	**-**	**938.6**
Other Information					
Capital expenditure	**444.5**	**171.3**	**5.4**	**-**	**621.2**
Depreciation and amortisation	**267.1**	**99.2**	**7.9**	**-**	**374.2**
Non-cash items other than depreciation and amortisation	**17.4**	**322.6**	**70.5**	**-**	**410.5**

4. **SEGMENTAL INFORMATION (Continued)**

In RM million	Plantation	Resource-based manufacturing	Other operations	Elimination	Total
Group					
2022					
Revenue					
External sales	435.9	15,124.8	18.0	-	15,578.7
Inter-segment sales	2,891.3	-	-	(2,891.3)	-
Total revenue	3,327.2	15,124.8	18.0	(2,891.3)	15,578.7
Result					
Operating profit	1,749.5	498.5	10.7	-	2,258.7
Share of results of associates	334.6	9.2	-	-	343.8
Share of result of a joint venture	-	(2.4)	-	-	(2.4)
Segment results before fair value adjustments	2,084.1	505.3	10.7	-	2,600.1
Net fair value gain/(loss) on:					
Biological assets	2.6	-	-	-	2.6
Derivative financial instruments	(2.5)	32.0	-	-	29.5
Segment results	2,084.2	537.3	10.7	-	2,632.2
Assets					
Operating assets	8,385.3	5,212.2	375.5	-	13,973.0
Interests in associates	1,353.6	1,756.4	-	-	3,110.0
Interest in a joint venture	-	5.4	-	-	5.4
Segment assets	9,738.9	6,974.0	375.5	-	17,088.4
Liabilities					
Segment liabilities	460.1	999.7	35.2	-	1,495.0
Other Information					
Capital expenditure	282.2	162.4	0.9	-	445.5
Depreciation and amortisation	252.2	98.7	7.9	-	358.8
Non-cash items other than depreciation and amortisation	8.1	219.6	46.5	-	274.2

Included in the resource-based manufacturing segment is an amount of revenue from a major customer during the financial year amounting to RM1,570.4 million (2022 – RM1,746.4 million).

4. **SEGMENTAL INFORMATION (Continued)**

Reconciliation of reportable segment profit or loss, assets and liabilities to the Group's corresponding amounts is as follows:

In RM million	Group 2023	Group 2022
Profit or loss		
Segment results	**1,841.2**	2,632.2
Unallocated corporate net expenses	**(25.7)**	(138.0)
Profit before interest and tax	**1,815.5**	2,494.2
Interest income	**34.4**	30.5
Finance costs	**(149.4)**	(159.3)
Net foreign currency translation loss on foreign currency denominated borrowings	**(193.5)**	(16.2)
Net foreign currency translation gain on foreign currency denominated deposits	**19.0**	3.4
Profit before tax	**1,526.0**	2,352.6
Tax expense	**(396.0)**	(583.7)
Profit for the financial year	**1,130.0**	1,768.9
Assets		
Segment assets	**15,988.2**	17,088.4
Unallocated corporate assets	**1,593.7**	2,079.4
Total assets	**17,581.9**	19,167.8
Liabilities		
Segment liabilities	**938.6**	1,495.0
Unallocated corporate liabilities	**4,972.7**	6,388.3
Total liabilities	**5,911.3**	7,883.3

Geographical Segments

In RM million	Malaysia	Europe	North America	Asia	Others	Consolidated
Group						
2023						
Revenue from external customers by location of customers	**2,896.7**	**2,775.8**	**264.6**	**5,336.7**	**310.0**	**11,583.8**
Segment non-current assets by location of assets *	**9,649.8**	**1,421.0**	**1.3**	**1,358.3**	**-**	**12,430.4**
Capital expenditure by location of assets	**556.0**	**16.4**	**-**	**48.8**	**-**	**621.2**
2022						
Revenue from external customers by location of customers	3,588.2	3,684.6	314.3	7,674.6	317.0	15,578.7
Segment non-current assets by location of assets *	9,369.7	1,607.3	1.3	1,262.3	-	12,240.6
Capital expenditure by location of assets	396.5	6.6	-	42.4	-	445.5

* The amounts of non-current assets do not include financial instruments and deferred tax assets.

5. REVENUE

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Revenue from contracts with customers				
Commodities, other products and services:				
- Sales of plantation produce and related products	**312.0**	435.9	**7.6**	18.7
- Resource-based manufacturing	**11,252.2**	15,124.8	**-**	-
Management fees and advisory fees	**5.6**	0.3	**24.2**	28.2
Others	**1.8**	4.8	**-**	-
	11,571.6	15,565.8	**31.8**	46.9
Other revenue				
Dividend income	**2.2**	3.0	**934.6**	1,209.3
Others	**10.0**	9.9	**-**	-
	12.2	12.9	**934.6**	1,209.3
Total Revenue	**11,583.8**	15,578.7	**966.4**	1,256.2

Disaggregation of revenue from contracts with customers are set out in Note 4 to the financial statements, which has been presented based on geographical location from which the sales transactions originated. No revenue was recognised over time other than management fees and advisory fees.

5.1 Commodities, other products and services

Revenue is recognised at a point in time upon delivery of products and customer acceptance, if any, or performance of services, net of discounts.

There is no material right of return and warranty provided to the customers.

There is no significant financing component in the revenue as the revenue is made on the normal credit terms not exceeding twelve (12) months.

5.2 Management fees and advisory fees

Management fees and advisory fees are recognised over time when customers simultaneously receive and consume the benefits.

5.3 Dividend income

Dividend income is recognised when a shareholder's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER OPERATING INCOME

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Amortisation of deferred income	**2.5**	2.5	**-**	-
Fair value gain on derivative financial instruments	**271.3**	251.5	**3.5**	10.6
Fair value gain on other investments	**7.2**	13.2	**-**	0.9
Fair value gain on short term funds	**31.5**	19.0	**-**	-
Fair value gain on financial guarantee contracts	**-**	-	**0.2**	-
Foreign currency translation gain				
- Realised	**15.8**	1.9	**15.4**	1.7
- Unrealised	**71.1**	36.2	**117.0**	56.4
Gain on disposal of property, plant and equipment	**6.4**	1.4	**-**	0.2
Gain on disposal of 70% equity interest in an associate arising from adjustments on disposal consideration	**-**	6.3	**-**	6.3
Gain on reassessments and modifications of leases	**0.3**	-	**-**	-
Gain arising from share capital reduction of a subsidiary	**-**	-	**0.2**	-
Net gain arising from changes in fair value of biological assets	**-**	2.6	**-**	0.1
Net gain on partial disposal of 10% equity interest in an associate	**17.2**	-	**210.3**	-
Realised fair value gain on derivative financial instruments	**530.3**	483.2	**0.1**	0.1
Reversal of impairment loss on investment in a subsidiary	**-**	-	**5.2**	-
Reversal of impairment losses on advances to associates	**1.6**	-	**1.5**	-
Reversal of impairment losses on advances to subsidiaries	**-**	-	**5.0**	-
Reversal of impairment losses on receivables	**1.0**	0.1	**-**	-
Others	**47.2**	47.6	**4.1**	9.3
	1,003.4	865.5	**362.5**	85.6

7. OTHER OPERATING EXPENSES

	Group		Company	
In RM million	2023	2022	2023	2022
Depreciation of property, plant and equipment	**168.3**	170.0	**0.5**	0.2
Fair value loss on derivative financial instruments	**323.1**	211.4	**-**	-
Fair value loss on other investments	**13.0**	7.3	**0.8**	0.5
Fair value loss on short term funds	**-**	1.6	**-**	-
Fair value loss on financial guarantee contracts	**-**	-	**-**	1.5
Net fair value loss on put and call options	**29.2**	103.8	**29.2**	103.8
Net loss arising from changes in fair value of biological assets	**17.6**	-	**0.3**	-
Foreign currency translation loss				
- Realised	**162.2**	61.2	**1.8**	3.6
- Unrealised	**60.5**	23.1	**63.7**	47.6
Impairment loss on investment in a subsidiary	**-**	-	**-**	5.0
Impairment loss on Group's interest in an associate	**-**	33.9	**-**	-
Impairment losses on advances to subsidiaries	**-**	-	**5.8**	6.6
Impairment losses on advances to associates	**0.1**	1.7	**-**	1.5
Impairment losses on advances to a joint venture	**-**	4.2	**-**	4.2
Impairment losses on receivables	**0.3**	2.0	**-**	-
Loss on disposal of property, plant and equipment	**-**	0.7	**-**	-
Loss arising from share capital reduction of a subsidiary	**-**	-	**5.3**	-
Loss on repurchase of Guaranteed Notes due 2022	**-**	29.4	**-**	-
Property, plant and equipment written off	**2.0**	4.0	**0.6**	0.5
Realised fair value loss on derivative financial instruments	**222.0**	1,222.6	**-**	-
Repair and maintenance	**18.0**	18.4	**-**	-
Research and development expenses	**6.7**	6.1	**-**	-
Others	**74.7**	16.0	**43.6**	8.7
	1,097.7	1,917.4	**151.6**	183.7

8. INTEREST INCOME

	Group		Company	
In RM million	2023	2022	2023	2022
Short term funds	**4.2**	13.4	**-**	-
Short term deposits	**24.5**	10.7	**4.5**	0.6
Subsidiaries	**-**	-	**134.4**	40.6
Associate	**2.1**	1.4	**2.1**	1.4
Others	**3.6**	5.0	**0.4**	0.4
	34.4	30.5	**141.4**	43.0

Interest income is recognised in profit or loss as it accrues, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

9. FINANCE COSTS

	Group		Company	
In RM million	2023	2022	2023	2022
Interest expense				
Term loans	**40.4**	38.1	**-**	-
Notes	**45.5**	97.9	**-**	-
Short term loans	**32.7**	8.0	**18.5**	1.0
Lease liabilities	**4.0**	3.9	**-**	-
Subsidiaries	**-**	-	**73.7**	72.8
Others	**2.4**	4.4	**1.0**	4.2
	125.0	152.3	**93.2**	78.0
Profit payment on Islamic financing	**33.2**	12.9	**33.2**	12.5
Total finance costs	**158.2**	165.2	**126.4**	90.5
Less: Interest capitalised (Note 14)	**(6.1)**	(4.2)	**-**	-
Hedging reserve reclassified to profit or loss (Note 29.3)	**(2.7)**	(1.7)	**-**	-
	(8.8)	(5.9)	**-**	-
Net finance costs	**149.4**	159.3	**126.4**	90.5

10. PROFIT BEFORE TAX

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
a) Other than those disclosed in Notes 6 and 7 to the financial statements, profit before tax has been arrived at after charging:				
Depreciation of property, plant and equipment	**367.0**	350.9	**1.2**	1.3
Amortisation of intangible assets	**7.2**	7.9	**0.2**	0.1
Auditors' remuneration				
BDO PLT and affiliates				
Statutory audit	**1.2**	1.1	**0.1**	0.1
Non-statutory audit				
- tax compliance and advisory services	**0.4**	0.3	**-**	-
- others	**-**	0.1	**-**	-
Member firms of BDO International				
Statutory audit	**0.3**	0.2	**-**	-
Non-statutory audit				
- tax compliance and advisory services	**0.1**	0.1	**-**	-
Other auditors				
Statutory audit	**0.8**	0.7	**-**	-
Inventories written down to net realisable value	**11.4**	104.9	**-**	-
Net foreign currency translation loss on foreign currency denominated borrowings	**193.5**	16.2	**93.3**	-
and crediting:				
Dividends received from:				
- other quoted investments in Malaysia	**1.4**	1.8	**0.4**	0.2
- other unquoted investments in Malaysia	**0.8**	1.2	**-**	-
- unquoted subsidiaries	**-**	-	**925.2**	903.2
Net foreign currency translation gain on foreign currency denominated borrowings	**-**	-	**-**	55.9
Net foreign currency translation gain on foreign currency denominated deposits	**19.0**	3.4	**19.3**	3.3
Rental income from:				
- investment properties	**3.9**	2.8	**-**	-
- others	**14.7**	15.0	**-**	-
Reversal of inventories written down to net realisable value	**66.8**	3.6	**-**	-

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM4,526.7 million (2022 – RM9,604.4 million).

The Group and the Company do not present the net reversal of impairment losses/(impairment losses) on financial instruments determined in accordance with MFRS 9 separately in the statements of profit or loss as the amounts are not material.

10. PROFIT BEFORE TAX (Continued)

b) Employee information

The employee benefits cost is as follows:

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Wages, salaries and others	**1,023.7**	845.7	**21.7**	24.4
Post-employment benefits	**37.3**	33.9	**2.3**	2.7
Retirement benefits expenses (Note 32.1)	**3.8**	3.9	**-**	-
	1,064.8	883.5	**24.0**	27.1

11. TAX EXPENSE

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Current year				
Malaysian income tax	**316.8**	581.3	**24.0**	8.2
Foreign tax	**21.5**	29.3	**-**	-
Deferred tax	**52.1**	(32.1)	**0.1**	(3.2)
	390.4	578.5	**24.1**	5.0
Prior years				
Malaysian income tax	**(2.3)**	(1.3)	**2.5**	(0.4)
Foreign tax	**0.7**	-	**-**	-
Deferred tax	**7.2**	6.5	**-**	-
	5.6	5.2	**2.5**	(0.4)
	396.0	583.7	**26.6**	4.6

11. TAX EXPENSE (Continued)

A numerical reconciliation between average effective tax rate and applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
%	2023	2022	2023	2022
Applicable tax rate	**24.00**	24.00	**24.00**	24.00
Tax effects in respect of:				
Non allowable expenses	**10.07**	4.51	**7.62**	5.56
Non-taxable income	**(2.62)**	(1.74)	**(9.80)**	(3.10)
Tax exempt income	**(0.54)**	(0.46)	**(20.20)**	(26.27)
Tax incentives and allowances	**(1.55)**	(0.13)	**-**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**-**	(0.09)	**-**	-
Deferred tax assets not recognised	**0.30**	-	**-**	-
Different tax rates in foreign jurisdiction	**0.50**	0.22	**-**	-
Share of post-tax results of associates	**(4.29)**	(3.51)	**-**	-
Share of post-tax result of a joint venture	**(0.02)**	0.02	**-**	-
Effect of Cukai Makmur	**-**	1.80	**-**	-
Other items	**(0.27)**	(0.03)	**0.60**	0.25
	25.58	24.59	**2.22**	0.44
Under/(Over) provision in prior years	**0.37**	0.22	**0.23**	(0.03)
	25.95	24.81	**2.45**	0.41

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associates or joint venture on distributions to the Group and the Company, and real property gains taxes, if any.

Malaysian income tax is calculated at the statutory rate of 24% (2022 – 24%) of the estimated assessable income for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Other tax expenses for other tax authorities are calculated at the rates prevailing in the respective jurisdictions.

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses and unabsorbed capital allowances of approximately RM127.9 million (2022 – RM108.6 million), for which the related tax effects have not been recognised in the financial statements. These items are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

The Finance Act 2021 gazetted on 31 December 2021 enacted the special one-off tax known as "Cukai Makmur" be imposed on non-SME companies that generated high income during the COVID-19 pandemic period for year of assessment 2022. A company with chargeable income for the first RM100 million was taxed at 24% and the remaining chargeable income was taxed at a one-off rate of 33%.

NOTES TO THE FINANCIAL STATEMENTS

12. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share of the Group is calculated based on the profit for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial year, after taking into consideration of treasury shares held by the Company.

	Group	
	2023	2022
In RM million		
Profit for the financial year attributable to owners of the parent	**1,114.2**	1,725.3
In million		
Weighted average number of ordinary shares in issue	**6,208.7**	6,220.6
In sen		
Basic earnings per ordinary share	**17.95**	27.74

Diluted earnings per ordinary share

The diluted earnings per ordinary share of the Group is calculated based on the profit for the financial year attributable to owners of the parent divided by the adjusted weighted average number of ordinary shares after taking into consideration all potential dilutive ordinary shares.

There is no dilution in earnings per ordinary share as there are no dilutive potential ordinary shares.

13. DIVIDENDS

	Group and Company	
In RM million	2023	2022
First interim single tier dividend in respect of financial year ended 30 June 2023 declared and paid of 6.0 sen per ordinary share	**372.4**	-
Second interim single tier dividend in respect of financial year ended 30 June 2022 declared and paid of 8.0 sen per ordinary share	**497.0**	-
First interim single tier dividend in respect of financial year ended 30 June 2022 declared and paid of 6.0 sen per ordinary share	**-**	372.7
Second interim single tier dividend in respect of financial year ended 30 June 2021 declared and paid of 6.0 sen per ordinary share	**-**	374.0
	869.4	746.7

On 22 August 2023, the Board of Directors declared a second interim single tier dividend of 5.0 sen per ordinary share, amounting to RM310.2 million in respect of the financial year ended 30 June 2023. The dividend is payable on 22 September 2023 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 7 September 2023.

No final dividend has been recommended by the Board of Directors for the financial year ended 30 June 2023.

14. PROPERTY, PLANT AND EQUIPMENT

Group

2023

In RM million	At beginning of financial year	Additions	Disposals	Foreign currency translation differences	Write-offs	Reclassi-fications	Reassessments and modifications of leases	At end of financial year
At cost								
Freehold land	**1,858.2**	**1.8**	**-**	**1.1**	**-**	**-**	**-**	**1,861.1**
Leasehold land	**3,854.8**	**1.6**	**(8.8)**	**1.0**	**-**	**-**	**(4.4)**	**3,844.2**
Land use rights	**38.4**	**3.0**	**-**	**2.4**	**-**	**-**	**-**	**43.8**
Bearer plants	**2,971.3**	**234.6**	**-**	**21.0**	**(151.6)**	**-**	**-**	**3,075.3**
Buildings and improvements	**1,158.1**	**9.0**	**(0.1)**	**10.0**	**(2.1)**	**36.3**	**(1.9)**	**1,209.3**
Plant and machinery	**2,748.0**	**102.9**	**(2.4)**	**28.9**	**(8.6)**	**173.5**	**(7.0)**	**3,035.3**
Construction in progress	**257.5**	**238.3**	**-**	**2.2**	**-**	**(229.7)**	**-**	**268.3**
Other property, plant and equipment	**600.1**	**32.4**	**(0.9)**	**5.5**	**(4.3)**	**19.9**	**-**	**652.7**
	13,486.4	**623.6**	**(12.2)**	**72.1**	**(166.6)**	**-**	**(13.3)**	**13,990.0**

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Foreign currency translation differences	Write-offs	Reassessments and modifications of leases	At end of financial year
Accumulated depreciation							
Leasehold land	**451.0**	**54.0**	**(1.0)**	**-**	**-**	**(4.4)**	**499.6**
Land use rights	**1.3**	**0.9**	**-**	**0.2**	**-**	**-**	**2.4**
Bearer plants	**1,311.2**	**104.1**	**-**	**3.3**	**(151.0)**	**-**	**1,267.6**
Buildings and improvements	**655.3**	**47.0**	**-**	**4.9**	**(2.0)**	**(1.9)**	**703.3**
Plant and machinery	**1,986.9**	**125.1**	**(2.3)**	**17.0**	**(7.4)**	**(2.9)**	**2,116.4**
Other property, plant and equipment	**349.1**	**35.9**	**(0.9)**	**3.2**	**(4.2)**	**-**	**383.1**
	4,754.8	**367.0**	**(4.2)**	**28.6**	**(164.6)**	**(9.2)**	**4,972.4**

In RM million	At beginning of financial year	Current year impairment loss	At end of financial year
Accumulated impairment losses			
Leasehold land	**3.2**	**-**	**3.2**
Bearer plants	**16.2**	**-**	**16.2**
Buildings and improvements	**2.0**	**-**	**2.0**
Plant and machinery	**0.1**	**-**	**0.1**
Other property, plant and equipment	**0.9**	**-**	**0.9**
	22.4	**-**	**22.4**

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

2022

In RM million	At beginning of financial year	Additions	Disposals	Foreign currency translation differences	Write-offs	Reclassi-fications	Reassessments and modifications of leases	At end of financial year
At cost								
Freehold land	1,849.5	7.5	-	(0.8)	-	2.0	-	1,858.2
Leasehold land	3,859.6	-	-	(0.7)	-	(4.1)	-	3,854.8
Land use rights	32.9	4.3	-	1.2	-	-	-	38.4
Bearer plants	2,885.1	157.4	-	11.3	(82.5)	-	-	2,971.3
Buildings and improvements	1,137.5	3.8	(0.2)	(1.0)	(2.0)	19.6	0.4	1,158.1
Plant and machinery	2,654.1	64.8	(1.2)	(11.2)	(14.4)	60.5	(4.6)	2,748.0
Construction in progress	170.9	189.6	-	(1.2)	-	(101.8)	-	257.5
Other property, plant and equipment	552.8	28.8	(0.9)	(0.2)	(2.1)	21.7	-	600.1
	13,142.4	456.2	(2.3)	(2.6)	(101.0)	(2.1)	(4.2)	13,486.4

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Foreign currency translation differences	Write-offs	Reclassi-fications	Reassessments and modifications of leases	At end of financial year
Accumulated depreciation								
Leasehold land	398.8	54.3	-	-	-	(2.1)	-	451.0
Land use rights	0.5	0.8	-	-	-	-	-	1.3
Bearer plants	1,295.0	97.2	-	1.5	(82.5)	-	-	1,311.2
Buildings and improvements	613.0	45.4	(0.1)	(1.1)	(1.9)	-	-	655.3
Plant and machinery	1,884.5	120.0	(0.6)	(5.9)	(10.7)	-	(0.4)	1,986.9
Other property, plant and equipment	319.5	33.2	(0.9)	(0.8)	(1.9)	-	-	349.1
	4,511.3	350.9	(1.6)	(6.3)	(97.0)	(2.1)	(0.4)	4,754.8

In RM million	At beginning of financial year	Current year impairment loss	At end of financial year
Accumulated impairment losses			
Leasehold land	3.2	-	3.2
Bearer plants	16.2	-	16.2
Buildings and improvements	2.0	-	2.0
Plant and machinery	0.1	-	0.1
Other property, plant and equipment	0.9	-	0.9
	22.4	-	22.4

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

2023

In RM million	At beginning of financial year	Additions	Write-offs	At end of financial year
At cost				
Freehold land	**71.9**	**-**	**-**	**71.9**
Bearer plants	**18.6**	**2.5**	**(4.3)**	**16.8**
Other property, plant and equipment	**2.0**	**-**	**-**	**2.0**
	92.5	**2.5**	**(4.3)**	**90.7**

In RM million	At beginning of financial year	Current year depreciation charge	Write-offs	At end of financial year
Accumulated depreciation				
Bearer plants	**9.6**	**0.9**	**(3.7)**	**6.8**
Other property, plant and equipment	**1.0**	**0.3**	**-**	**1.3**
	10.6	**1.2**	**(3.7)**	**8.1**

2022

In RM million	At beginning of financial year	Additions	Disposals	Write-offs	At end of financial year
At cost					
Freehold land	71.9	-	-	-	71.9
Bearer plants	20.8	0.4	-	(2.6)	18.6
Other property, plant and equipment	1.9	0.7	(0.6)	-	2.0
	94.6	1.1	(0.6)	(2.6)	92.5

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
Accumulated depreciation					
Bearer plants	10.6	1.1	-	(2.1)	9.6
Other property, plant and equipment	1.4	0.2	(0.6)	-	1.0
	12.0	1.3	(0.6)	(2.1)	10.6

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group		Company	
In RM million	2023	2022	2023	2022
Carrying amount				
Freehold land	**1,861.1**	1,858.2	**71.9**	71.9
Leasehold land	**3,341.4**	3,400.6	**-**	-
Land use rights	**41.4**	37.1	**-**	-
Bearer plants	**1,791.5**	1,643.9	**10.0**	9.0
Buildings and improvements	**504.0**	500.8	**-**	-
Plant and machinery	**918.8**	761.0	**-**	-
Construction in progress	**268.3**	257.5	**-**	-
Other property, plant and equipment	**268.7**	250.1	**0.7**	1.0
	8,995.2	8,709.2	**82.6**	81.9

Included in the Group's property, plant and equipment are right-of-use assets as follows:

In RM million	Leasehold land	Land use rights	Buildings and improvements	Plant and machinery	Total
Group					
2023					
At cost					
At beginning of financial year	**3,854.8**	**38.4**	**27.2**	**24.1**	**3,944.5**
Additions	**1.6**	**3.0**	**1.7**	**9.3**	**15.6**
Disposal	**(8.8)**	**-**	**-**	**-**	**(8.8)**
Reassessments and modifications of leases	**(4.4)**	**-**	**(1.9)**	**(7.0)**	**(13.3)**
Foreign currency translation differences	**1.0**	**2.4**	**1.3**	**-**	**4.7**
At end of financial year	**3,844.2**	**43.8**	**28.3**	**26.4**	**3,942.7**
Accumulated depreciation					
At beginning of financial year	**(451.0)**	**(1.3)**	**(12.3)**	**(6.5)**	**(471.1)**
Current year depreciation charge	**(54.0)**	**(0.9)**	**(4.8)**	**(5.3)**	**(65.0)**
Disposal	**1.0**	**-**	**-**	**-**	**1.0**
Reassessments and modifications of leases	**4.4**	**-**	**1.9**	**2.9**	**9.2**
Foreign currency translation differences	**-**	**(0.2)**	**(1.1)**	**(0.1)**	**(1.4)**
At end of financial year	**(499.6)**	**(2.4)**	**(16.3)**	**(9.0)**	**(527.3)**
Accumulated impairment loss					
At beginning of financial year/At end of financial year	**(3.2)**	**-**	**-**	**-**	**(3.2)**
Carrying amount					
At end of financial year	**3,341.4**	**41.4**	**12.0**	**17.4**	**3,412.2**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Included in the Group's property, plant and equipment are right-of-use assets as follows (Continued):

In RM million	Leasehold land	Land use rights	Buildings and improvements	Plant and machinery	Total
Group					
2022					
At cost					
At beginning of financial year	3,859.6	32.9	27.2	16.0	3,935.7
Additions	-	4.3	0.3	12.7	17.3
Reassessments and modifications of leases	-	-	0.4	(4.6)	(4.2)
Reclassifications	(4.1)	-	-	-	(4.1)
Foreign currency translation differences	(0.7)	1.2	(0.7)	-	(0.2)
At end of financial year	3,854.8	38.4	27.2	24.1	3,944.5
Accumulated depreciation					
At beginning of financial year	(398.8)	(0.5)	(9.4)	(2.8)	(411.5)
Current year depreciation charge	(54.3)	(0.8)	(3.8)	(4.1)	(63.0)
Reassessments and modifications of leases	-	-	-	0.4	0.4
Reclassifications	2.1	-	-	-	2.1
Foreign currency translation differences	-	-	0.9	-	0.9
At end of financial year	(451.0)	(1.3)	(12.3)	(6.5)	(471.1)
Accumulated impairment loss					
At beginning of financial year/At end of financial year	(3.2)	-	-	-	(3.2)
Carrying amount					
At end of financial year	3,400.6	37.1	14.9	17.6	3,470.2

Leasehold land for which the Group has land titles during the financial year amounted to RM3,340.2 million (2022 – RM3,397.7 million).

Included in the Group's bearer plants is an amount of interest expense capitalised during the financial year amounting to RM6.1 million (2022 – RM4.2 million).

Interest is capitalised at 7.32% (2022 – 3.41%) per annum.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

In line with the Group's approach to sustainability, the Group has progressively undertaken various sustainability initiatives within its operations. The Group continues its investments in biogas plants to capture methane from the palm oil mill effluents ("POME"), which has been treated and converted into a renewable energy source to power its mills and estate facilities. The Group has also undertaken investments in biomass and co-generation plants, and installation of solar panels on the rooftops of its main offices and canteen to reduce the dependency on fossil fuels at its oleochemical and refinery complexes. As at 30 June 2023, the Group incurred a total capital expenditure of RM195.2 million for greenhouse gas emissions reduction or removal. The breakdown of the costs is as follows:

In RM million	Group 2023
Plant and machinery	**190.8**
Buildings and improvements	**3.0**
Other property, plant and equipment	**1.4**
Total capital expenditure	**195.2**

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

In RM million	Group		Company	
	2023	2022	2023	2022
Additions to property, plant and equipment	**623.6**	456.2	**2.5**	1.1
Interest capitalised (Note 9)	**(6.1)**	(4.2)	**-**	-
Additions via lease liabilities (Note 31.2)	**(12.6)**	(13.0)	**-**	-
Cash payments on purchase of property, plant and equipment	**604.9**	439.0	**2.5**	1.1

14.1 Property, plant and equipment excluding right-of-use assets

All items of property, plant and equipment excluding right-of-use assets are initially measured at cost.

After initial recognition, property, plant and equipment excluding right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Bearer plants 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. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of twenty-five (25) years with the first three (3) years as immature bearer plants and the remaining years as mature bearer plants. The mature bearer plants are depreciated over their remaining useful lives of twenty-two (22) years on a straight-line basis. The immature bearer plants are not depreciated until such time when they are available for use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Construction in progress is not depreciated until such time when the asset is available for use.

Other property, plant and equipment are depreciated on the straight-line basis so as to write-off the cost of the assets over their estimated useful lives. The principal depreciation annual rates are as follows:

Buildings and improvements	2% – 10%
Plant and machinery	4% – 20%
Other property, plant and equipment	4% – 33%

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

14.2 Right-of-use assets under property, plant and equipment

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease terms. The principal depreciation periods are as follows:

Leasehold land	over the lease periods from 4 to 99 years
Land use rights	over the lease periods of up to 35 years
Buildings and improvements	over the lease periods from 1 to 10 years
Plant and machinery	over the lease periods from 1 to 5 years

15. INTANGIBLE ASSETS

	Group		Company	
In RM million	2023	2022	2023	2022
Goodwill (Note 15.1)	**335.5**	335.1	**-**	-
Other intangible assets (Note 15.2)	**79.3**	80.9	**0.7**	0.9
	414.8	416.0	**0.7**	0.9

15.1 Goodwill

	Group	
In RM million	2023	2022
At cost		
At beginning of financial year	**337.1**	338.2
Foreign currency translation differences	**0.4**	(1.1)
	337.5	337.1
Less: Impairment losses	**(2.0)**	(2.0)
	335.5	335.1

The goodwill recognised on the acquisitions was attributable mainly to the skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing business.

15. INTANGIBLE ASSETS (Continued)

15.1 Goodwill (Continued)

For the purpose of impairment testing, goodwill is allocated to the Group's Cash-generating Units ("CGUs") identified according to the operating segments as follows:

	Group	
In RM million	2023	2022
Plantation	**126.5**	126.5
Resource-based manufacturing	**209.0**	208.6
	335.5	335.1

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on estimation of the value-in-use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions, including taking into consideration the effects of increasing overnight policy rate ("OPR") on the discount rate and the impact on Russia-Ukraine war, where applicable:

i. Cash flows are projected based on the management's most recent three-year business plan and extrapolated to a period of ten (10) years (the average economic useful lives of the assets) for all companies with the exception of plantation companies. For plantation companies, cash flows are projected based on the average life cycle of oil palm trees.

ii. Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital adjusted for specific risks relating to the relevant segments. The average discount rate applied for cash flow projections is 10.20% (2022 – 8.53%).

iii. Growth rates for the plantation segment are determined based on the management's estimate of commodity prices, Fresh Fruit Bunches ("FFB") yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments. CPO price is based on average historical price in the previous financial years while FFB yields are based on the average yields achieved in the previous financial years throughout the life cycle of oil palm trees.

iv. Profit margins are projected based on the industry trends and historical profit margins achieved.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS (Continued)

15.2 Other intangible assets

In RM million	Brand names	Computer software	Total
Group			
2023			
At cost			
At beginning of financial year	**66.8**	**50.4**	**117.2**
Additions	**-**	**6.1**	**6.1**
Write-off	**-**	**(1.1)**	**(1.1)**
Foreign currency translation differences	**-**	**0.1**	**0.1**
At end of financial year	**66.8**	**55.5**	**122.3**
Accumulated amortisation			
At beginning of financial year	**(23.3)**	**(13.0)**	**(36.3)**
Current year amortisation charge	**(1.7)**	**(5.5)**	**(7.2)**
Write-off	**-**	**0.5**	**0.5**
At end of financial year	**(25.0)**	**(18.0)**	**(43.0)**
Carrying amount			
At end of financial year	**41.8**	**37.5**	**79.3**
2022			
At cost			
At beginning of financial year	66.8	48.8	115.6
Additions	-	1.6	1.6
At end of financial year	66.8	50.4	117.2
Accumulated amortisation			
At beginning of financial year	(20.3)	(8.1)	(28.4)
Current year amortisation charge	(3.0)	(4.9)	(7.9)
At end of financial year	(23.3)	(13.0)	(36.3)
Carrying amount			
At end of financial year	43.5	37.4	80.9

15. INTANGIBLE ASSETS (Continued)

15.2 Other intangible assets (Continued)

In RM million	Computer software	Total
Company		
2023		
At cost		
At beginning of financial year/At end of financial year	**1.0**	**1.0**
Accumulated amortisation		
At beginning of financial year	**(0.1)**	**(0.1)**
Current year amortisation charge	**(0.2)**	**(0.2)**
At end of financial year	**(0.3)**	**(0.3)**
Carrying amount		
At end of financial year	**0.7**	**0.7**
2022		
At cost		
At beginning of financial year	0.6	0.6
Additions	0.4	0.4
At end of financial year	1.0	1.0
Accumulated amortisation		
At beginning of financial year	-	-
Current year amortisation charge	(0.1)	(0.1)
At end of financial year	(0.1)	(0.1)
Carrying amount		
At end of financial year	0.9	0.9

Other intangible assets are initially measured at cost of acquisition.

After initial recognition, other intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Brand names

The costs of brand names recognised in a business combination are their fair values as at the date of acquisition. Brand names with finite lives are amortised on a straight-line basis over the estimated economic useful lives ranging from three (3) to fifteen (15) years.

Computer software

Computer software that do not form an integral part of the related hardware are treated as intangible assets with finite lives and are amortised on a straight-line basis over the estimated useful lives ranging from five (5) to ten (10) years.

Computer software are not amortised until such time when the assets are available for use.

16. SUBSIDIARIES

16.1 Investments in subsidiaries

	Company	
In RM million	2023	2022
At cost		
Unquoted shares in Malaysia	**6,196.3**	6,195.4
Unquoted shares outside Malaysia	**558.1**	554.2
	6,754.4	6,749.6
Less: Impairment losses	**(48.7)**	(53.9)
	6,705.7	6,695.7

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstance, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

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 are initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Details of the subsidiaries are set out in Note 41 to the financial statements.

2023

During the financial year, the Company:

i. subscribed for an additional 1,000,000 ordinary shares in IOI Palm Wood Sdn Bhd with cash payments of RM1.0 million.

ii. subscribed for an additional 811,000 redeemable preference shares in Eglinton Investments Pte Ltd with cash payments equivalent to RM3.8 million.

iii. subscribed for 20,000 ordinary shares in IOI Organic Oils BV with cash payments equivalent to RM0.1 million.

iv. redeemed 870,000 redeemable preference shares in Morisem Consolidated Sdn Bhd with total redemption amount of RM0.9 million.

v. acquired an additional 100,000 ordinary shares, representing 40% equity interest in Kayangan Heights Sdn Bhd from a non-controlling interest with cash payment of RM7.1 million. The acquisition did not have any material effect on the financial results and position of the Group.

vi. disposed 100,000 ordinary shares, representing 100% equity interest in Future Growth Sdn Bhd to IOI Plantation Sdn Bhd, a wholly-owned subsidiary of the Company for a total cash consideration of RM0.1 million. The disposal did not have any material effect on the financial results and position of the Group.

16. SUBSIDIARIES (Continued)

16.1 Investments in subsidiaries (Continued)

2023 (Continued)

During the financial year, the Company (Continued):

vii. reduced its costs of investments in the following subsidiaries by cancellation of ordinary shares pursuant to Section 117 of the Companies Act 2016:

Subsidiaries	No. of shares	Amount
		RM million
Sri Cantawan Sdn Bhd	**860,000**	**0.9**
Cantawan Oil Palms Sdn Bhd	**230,000**	**0.2**

The above capital reduction exercise was settled by cash and accordingly a reversal of impairment loss on investment in a subsidiary of RM5.2 million and net loss arising from share capital reduction of subsidiaries of RM5.1 million were recognised in the statement of profit or loss of the Company.

2022

In the previous reporting period, the Company:

i. subscribed for an additional 15,200,000 ordinary shares in IOI Palm Wood Sdn Bhd with cash payments of RM15.2 million.

ii. subscribed for an additional 2,580,000 redeemable preference shares in Eglinton Investments Pte Ltd with cash payments equivalent to RM10.9 million.

iii. redeemed 111,763,254 redeemable preference shares in IOI Plantation Sdn Bhd with total redemption amount of RM111.7 million.

iv. redeemed 480,000 redeemable preference shares in Morisem Consolidated Sdn Bhd with total redemption amount of RM0.5 million.

v. reduced its costs of investments in the following subsidiaries by cancellation of ordinary shares pursuant to Section 117 of the Companies Act 2016:

Subsidiaries	No. of shares	Amount
		RM million
Pamol Plantations Sdn Bhd	37,500,000	37.5
Palmco Plantations (Sabah) Sdn Bhd	13,991,144	14.0
Dynamic Plantations Berhad	6,000,000	6.0
Fruitful Plantations Sdn Bhd	70,000	-*

* The amount is negligible

The above capital reduction exercise was settled by cash.

In the previous financial year, impairment loss on cost of investment in a subsidiary amounted to RM5.0 million was recognised due to declining operation of the subsidiary. There was no other indication of impairment on costs of investments in subsidiaries as at the end of the reporting period.

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16. SUBSIDIARIES (Continued)

16.2 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, both at normal credit terms, advances and payments made on behalf of or by subsidiaries, which are unsecured and interest-free except for amounts due from subsidiaries amounting to RM2,387.2 million (2022 – RM2,779.2 million), which bear interest at rates ranging from 1.66% to 7.32% (2022 – 0.74% to 3.93%) per annum and amounts due to subsidiaries amounting to RM1,188.9 million (2022 – RM1,593.4 million), which bear interest at rates ranging from 1.87% to 5.00% (2022 – 1.87% to 5.00%) per annum.

The current amounts due from and to subsidiaries are payable within the next twelve (12) months in cash and cash equivalents. The non-current amounts due from and to subsidiaries are either not payable within the next twelve (12) months or payable on a back-to-back basis with the corresponding borrowings of the Group. The carrying amounts of non-current amounts due from and to subsidiaries approximate their fair values as their interest rates are priced at reasonable approximation of the market interest rates as at the end of the reporting period.

16.2.1 Impairment for amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model as disclosed in Note 22.2 to the financial statements.

The reconciliation of movements in the impairment losses accounts for amounts due from subsidiaries is as follows:

In RM million	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Company			
2023			
At beginning of financial year	**51.0**	**6.1**	**57.1**
Charge for the financial year	**5.8**	**-**	**5.8**
Reversal of impairment losses	**(0.5)**	**(4.5)**	**(5.0)**
At end of financial year	**56.3**	**1.6**	**57.9**
2022			
At beginning of financial year	44.9	5.6	50.5
Charge for the financial year	6.1	0.5	6.6
At end of financial year	51.0	6.1	57.1

Credit impaired refers to individually determined subsidiaries who are in significant financial difficulties as at the end of the reporting period.

16.3 Material non-controlling interests

The Group does not have any subsidiary that has non-controlling interests, which are individually material to the Group as at 30 June 2023.

17. ASSOCIATES

17.1 Investments in associates

	Group		Company	
In RM million	2023	2022	2023	2022
At cost				
Shares quoted outside Malaysia	**434.0**	434.0	**-**	-
Unquoted shares outside Malaysia	**1,072.5**	1,387.8	**658.3**	766.4
Unquoted shares in Malaysia	**86.9**	86.9	**24.9**	24.9
	1,593.4	1,908.7	**683.2**	791.3
Less: Impairment loss	**-**	(33.9)	**-**	-
	1,593.4	1,874.8	**683.2**	791.3
Share of post-acquisition results and reserves	**1,419.9**	1,235.2	**-**	-
	3,013.3	3,110.0	**683.2**	791.3
At Market Value				
Shares quoted outside Malaysia	**1,057.0**	1,169.6	**-**	-

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the latest financial statements of the associates concerned, from the date significant influence commences until the date the Group ceases to have significant influence over the associates. The investments in associates in the consolidated statement of financial position are initially recognised at cost and adjusted thereafter for the post-acquisition changes in the Group's share of net assets of the investments.

Details of the associates are set out in Note 41 to the financial statements.

On 5 August 2022, the Company completed the sale of 10% equity interest in Bunge Loders Croklaan Group BV ("BLC"). The fair value less cost to sell of the 10% of the Group's equity interest in BLC, which was derived based on Share Sales Consideration as disclosed in Note 18(v) to the financial statements, was lower than its carrying amount as at 30 June 2022. As a result, an impairment loss on the 10% of the Group's equity interest in BLC amounted to RM33.9 million was recognised in the previous financial year. Following the completion of sale of 10% equity interest in BLC, the impairment loss of RM33.9 million was reversed during the financial year.

The analysis of the above sales of 10% equity interest in BLC is summarised as follows:

In RM million	Group	Company
Disposal proceeds	**465.8**	**465.8**
Carrying amount of 10% equity interest in BLC	**(496.6)**	**(255.5)**
Reversal of impairment loss on Group's interest in BLC	**33.9**	**-**
Reclassification of foreign currency translation reserve to profit or loss	**14.1**	**-**
Net gain on partial disposal of 10% equity interest in BLC	**17.2**	**210.3**

During the financial year, the Company made a cash contribution of RM147.4 million paid in share premium into an associate.

17. ASSOCIATES (Continued)

17.2 Material associates and summary of financial information

The Group regards Bumitama Agri Ltd ("Bumitama") and Bunge Loders Croklaan Group BV ("BLC") as material associates.

Bumitama

The summary of unaudited financial information of Bumitama for the periods ended 30 June 2023 and 30 June 2022 are summarised as follows:

	Bumitama	
In RM million	2023	2022
Assets and liabilities		
Current assets	**1,262.3**	1,510.8
Non-current assets	**4,803.0**	4,498.8
Total assets	**6,065.3**	6,009.6
Current liabilities	**(925.1)**	(500.4)
Non-current liabilities	**(600.3)**	(1,341.0)
Total liabilities	**(1,525.4)**	(1,841.4)
Net assets	**4,539.9**	4,168.2
Non-controlling interests	**(685.0)**	(621.6)
Net assets attributable to shareholders of Bumitama	**3,854.9**	3,546.6
Results		
Revenue	**4,452.1**	4,678.4
Profit for the financial period	**559.7**	1,005.2
Other comprehensive income	**12.5**	38.4
Total comprehensive income	**572.2**	1,043.6

17. ASSOCIATES (Continued)

17.2 Material associates and summary of financial information (Continued)

BLC

The summary of unaudited financial information of BLC for the periods ended 30 June 2023 and 30 June 2022 are summarised as follows:

	BLC	
In RM million	2023	2022
Assets and liabilities		
Current assets	**3,771.0**	4,470.4
Non-current assets	**3,292.9**	1,739.0
Total assets	**7,063.9**	6,209.4
Current liabilities	**(1,129.2)**	(2,105.4)
Non-current liabilities	**(788.4)**	(282.0)
Total liabilities	**(1,917.6)**	(2,387.4)
Net assets attributable to shareholders of BLC	**5,146.3**	3,822.0
Results		
Revenue	**10,504.8**	10,281.8
Profit/(Loss) for the financial period	**293.0**	(127.5) ^
Other comprehensive (loss)/income	**(176.5)**	251.8
Total comprehensive income	**116.5**	124.3

Notes:
^ Included impairment losses on property, plant and equipment amounted to RM184.4 million.

The information above represents the unaudited amounts in the financial statements of associates and does not reflect the Group's proportionate share in those amounts.

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17. ASSOCIATES (Continued)

17.2 Material associates and summary of financial information (Continued)

The reconciliation of the above summarised unaudited financial information to the carrying amount of the Group's interests in associates is as follows:

In RM million	Bumitama	BLC
2023		
Net assets attributable to shareholders of associates	**3,854.9**	**5,146.3**
Proportion of ownership interest held by the Group	**32.10%**	**20.00%** #
Group's share of net assets	**1,237.4**	**1,029.3**
Goodwill	**168.7**	**-**
Gain on re-measurement	**-**	**228.0**
Carrying amount of Group's interests in associates	**1,406.1** ^	**1,257.3**
Dividend received during the financial year	**148.9**	**-**
2022		
Net assets attributable to shareholders of associates	3,546.6	3,822.0
Proportion of ownership interest held by the Group	32.10%	30.00%
Group's share of net assets	1,138.5	1,146.6
Goodwill	168.7	-
Gain on re-measurement	-	342.1
	1,307.2	1,488.7
Less: Impairment loss	-	(33.9)
Carrying amount of Group's interests in associates	1,307.2	1,454.8
Dividend received during the financial year	65.9	298.5

Note:

^ The market value of the Group's investment in Bumitama ("the investment"), which is based on the share price quoted in the Singapore Exchange Securities Trading Limited is below the carrying amount of the investment as at the end of the reporting period. As this is a potential impairment indicator, the management has performed further impairment assessment on the investment, which requires significant judgements and estimates about the future dividend growth rate in determining the recoverable amount.

The recoverable amount of the investment is determined based on value-in-use calculation using the cash flow projections from dividends derived from the Dividend Discount Model with key assumptions used by management that include future dividend growth rate as well as appropriate pre-tax discount rate based on the investment profile in the cash flow projections, after taking into consideration the effect of increasing interest rate in Indonesia. The future dividend growth rate and pre-tax discount rate of Bumitama applied in the Dividend Discount Model in determining the recoverable amount are 9.96% and 15.81% respectively. Management has determined that the recoverable amount of the investment exceeds its carrying amount, which is in line with the strong prospective financial performance of Bumitama and the resilient fundamentals of palm oil industry in Indonesia. The Group is of the view that the carrying amount of the investment is recoverable and is not impacted by the fluctuation of the share price of Bumitama. Hence, no impairment loss is required.

During the financial year, the Company completed the sale of 1,800 shares ("Share Sale"), which representing its 10% shareholdings in BLC to KBBV as disclosed in Note 18(v) to the financial statements. With the completion of the Share Sale, the Company's equity interest in BLC was reduced from 30% to 20%.

17. ASSOCIATES (Continued)

17.3 Other associates and summary of financial information

The summarised unaudited financial information based on the Group's interests in the individually immaterial associates in aggregate is as follows:

	Group	
In RM million	2023	2022
Profit for the financial period	**28.7**	59.4
Total comprehensive income	**28.7**	59.4
Carrying amount	**349.9**	348.0

Dividends received from immaterial associates during the financial year amounted to RM26.8 million (2022 – RM17.0 million).

18. DERIVATIVE FINANCIAL INSTRUMENTS

		Fair value	
In RM million	Contract/ Notional amount Net (short)/long	Financial Assets	Financial Liabilities
Group			
2023			
Forward foreign exchange contracts	**(1,471.3)**	**0.4**	**42.4**
Commodity forward contracts	**(234.8)**	**22.9**	**15.2**
Commodity futures	**403.3**	**27.3**	**1.5**
Cross currency swap contracts	**935.7**	**96.7**	**-**
Interest rate swap contracts	**117.0**	**10.6**	**-**
Total derivative financial instruments		**157.9**	**59.1**
Less: Current portion		**(50.6)**	**(59.1)**
Non-current portion		**107.3**	**-**
2022			
Forward foreign exchange contracts	(3,311.5)	0.3	69.1
Commodity forward contracts	(1,434.2)	390.2	187.8
Commodity futures	422.5	32.2	119.2
Cross currency swap contracts	919.2	111.7	-
Interest rate swap contracts	110.1	7.1	-
Put option	1,387.1	111.8	-
Call option	(1,733.9)	-	82.6
Total derivative financial instruments		653.3	458.7
Less: Current portion		(534.5)	(458.7)
Non-current portion		118.8	-

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18. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

In RM million	Contract/ Notional amount Net long/(short)	Fair value Financial Assets	Fair value Financial Liabilities
Company			
2023			
Cross currency swap contracts	**257.5**	**35.7**	**-**
Interest rate swap contracts	**117.0**	**10.6**	**-**
Total derivative financial instruments		**46.3**	**-**
Less: Current portion		**-**	**-**
Non-current portion		**46.3**	**-**
2022			
Cross currency swap contracts	242.2	33.3	-
Interest rate swap contracts	110.1	7.1	-
Put option	1,387.1	111.8	-
Call option	(1,733.9)	-	82.6
Total derivative financial instruments		152.2	82.6
Less: Current portion		(111.8)	(82.6)
Non-current portion		40.4	-

i. Forward foreign exchange contracts

Forward foreign exchange contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currencies denominated financial assets and financial liabilities.

ii. Commodity forward contracts and futures

The commodities forward contracts and futures were entered into with the objective of managing and hedging the respective exposure of the Group's plantation segment and resource-based manufacturing segment to adverse price movements in vegetable oil commodities. The fair values of these components have been determined based on published market prices or quoted prices from reputable financial institutions.

iii. Cross currency swap contracts

The cross currency swap contracts of the Group are mainly used to hedge against its exposures of borrowings, except for:

a) Cross currency swap contract, which swapped a fixed rate of USD100.0 million liability to a fixed rate of EUR90.9 million liability ("USDEUR CCS I") to serve as a net investment hedge against the Group's Euro denominated assets. The USDEUR CCS I matured in the previous financial year;

b) Cross currency swap contract, which swapped a floating rate of USD50.0 million liability to a fixed rate of EUR45.0 million liability ("USDEUR CCS II") to serve as a net investment hedge against the Group's Euro denominated assets. The USDEUR CCS II matured in the previous financial year; and

c) Cross currency swap contract, which swapped a floating rate of USD55.0 million liability to a fixed rate of EUR48.6 million liability ("USDEUR CCS III") to serve as a net investment hedge against the Group's Euro denominated assets. The carrying amount of derivative asset in respect of the USDEUR CCS III as at end of the financial year is RM35.7 million (2022 – RM33.3 million). The USDEUR CCS III will mature in the financial year 2026.

18. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

iv. Interest rate swap contracts

Interest rate swap contracts are used to hedge the Group's exposures to movements in interest rates.

v. Put and call options

Following the divestment of 70% equity interest in Loders Croklaan Group BV (now known as Bunge Loders Croklaan Group BV) ("BLC") to Koninklijke Bunge BV ("KBBV") in the previous financial years, the Company and KBBV entered into a Shareholders' Agreement ("SHA") to regulate the business of BLC as well as the rights and obligations of the shareholders of BLC.

In accordance with the SHA, the Company and KBBV were granted put and call options respectively during the first five (5) years from 1 March 2018 ("Option Period") as follows:

a) During the Option Period, the Company shall have the right to require KBBV to purchase all, but not less than all, of the Company's shares in BLC ("Put option") for a purchase price calculated in accordance with the terms and conditions of the SHA ("put price").

b) During the Option Period, KBBV shall have the right to require the Company to sell to KBBV all, but not less than all, of the Company's shares in BLC ("Call option") for an amount equal to 25% above of the put price.

The fair values of the put and call options were derived using the Binomial option pricing model, which required significant judgements and assumptions made by the management.

The method and assumption applied in determining the fair values of the put and call options and sensitivity analysis were disclosed in Note 38.6 to the financial statements.

On 5 August 2022, the Company completed the sale of 1,800 shares ("Share Sale"), which representing its 10% shareholdings in BLC to KBBV for a total cash consideration of USD84,416,807.30 plus EUR19,724,815.30 (equivalent to RM465.8 million) (the "Share Sale Consideration").

The Share Sale was provided for in the SHA entered into by KBBV and the Company and the Share Sale Consideration was based on the mechanism for the put and call options provided in the SHA. With the completion of the Share Sale, the Company's equity interest in BLC was reduced from 30% to 20%. Accordingly, the existing put and call options provided in the SHA were terminated and a net fair value loss on put and call options of RM29.2 million was recognised in the financial statements of the Group and of the Company in relation to the derecognition of the put and call options.

All the above derivatives were initially recognised at fair value on the date the derivative contracts were entered into. The derivatives were subsequently remeasured at fair value and the changes in fair value were recognised as follows:

i. Derivatives recognised in the other comprehensive income pursuant to hedge accounting

a) Cross currency swap contract, which swapped a fixed rate USD100.0 million liability to a fixed rate EUR90.9 million liability. This cross currency swap contact matured in the previous financial year;

b) Cross currency swap contract, which swapped a floating rate USD50.0 million liability to a fixed rate EUR45.0 million liability. This cross currency swap contact matured in the previous financial year; and

c) Cross currency swap contract, which swapped a floating rate USD55.0 million liability to a fixed rate EUR48.6 million liability. This cross currency swap contact will mature in the financial year 2026.

ii. Derivatives recognised in the profit or loss

a) All other derivatives other than those mentioned in (i) above.

18. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

During the financial year, the Group and the Company recognised total fair value gain of RM399.6 million (2022 – loss of RM188.7 million) and fair value gain of RM82.6 million (2022 – RM78.0 million) respectively arising from fair value changes of derivative liabilities. The determination of the fair values of the derivative financial instruments involves significant judgements and assumptions made by the management. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 38.6 to the financial statements.

19. DEFERRED TAX

	Group		Company	
In RM million	2023	2022	2023	2022
At beginning of financial year	**1,128.4**	1,150.1	**(10.1)**	(6.9)
Recognised in profit or loss				
- Current year	**52.1**	(32.1)	**0.1**	(3.2)
- Prior years	**7.2**	6.5	**-**	-
	59.3	(25.6)	**0.1**	(3.2)
Recognised in other comprehensive income	**1.0**	3.0	**-**	-
Foreign currency translation differences	**(0.6)**	0.9	**-**	-
At end of financial year	**1,188.1**	1,128.4	**(10.0)**	(10.1)

Presented after appropriate offsetting as follows:

	Group		Company	
In RM million	2023	2022	2023	2022
Deferred tax liabilities, net *	**1,206.7**	1,167.7	**-**	-
Deferred tax assets, net *	**(18.6)**	(39.3)	**(10.0)**	(10.1)
	1,188.1	1,128.4	**(10.0)**	(10.1)

Note:

* The amounts of set-off between deferred tax liabilities and deferred tax assets were RM21.0 million (2022 – RM37.5 million) and RM5.3 million (2022 – RM5.4 million) for the Group and the Company respectively.

19. DEFERRED TAX (Continued)

The movements of deferred tax liabilities and deferred tax assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Group		Company	
In RM million	2023	2022	2023	2022
At beginning of financial year	**1,205.2**	1,198.7	**5.4**	5.6
Recognised in profit or loss				
Temporary differences on property, plant and equipment	**28.0**	10.6	**-**	(0.2)
Other temporary differences	**(5.7)**	(4.3)	**(0.1)**	-
	22.3	6.3	**(0.1)**	(0.2)
Foreign currency translation differences	**0.2**	0.2	**-**	-
At end of financial year	**1,227.7**	1,205.2	**5.3**	5.4

Deferred tax assets

	Group		Company	
In RM million	2023	2022	2023	2022
At beginning of financial year	**76.8**	48.6	**15.5**	12.5
Recognised in profit or loss				
Temporary differences on unutilised tax losses	**(3.4)**	4.3	**-**	-
Other deductible temporary differences	**(33.6)**	27.6	**(0.2)**	3.0
	(37.0)	31.9	**(0.2)**	3.0
Recognised in other comprehensive income	**(1.0)**	(3.0)	**-**	-
Foreign currency translation differences	**0.8**	(0.7)	**-**	-
At end of financial year	**39.6**	76.8	**15.3**	15.5

The components of deferred tax liabilities and deferred tax assets at the end of the financial year comprise the tax effects of:

Deferred tax liabilities

	Group		Company	
In RM million	2023	2022	2023	2022
Temporary differences on property, plant and equipment	**1,219.5**	1,191.4	**5.3**	5.3
Other temporary differences	**8.2**	13.8	**-**	0.1
	1,227.7	1,205.2	**5.3**	5.4

19. DEFERRED TAX (Continued)

The components of deferred tax liabilities and deferred tax assets at the end of the financial year comprise the tax effects of (continued):

Deferred tax assets

	Group		Company	
In RM million	2023	2022	2023	2022
Temporary differences on unutilised tax losses	**10.4**	13.8	**-**	-
Other deductible temporary differences	**29.2**	63.0	**15.3**	15.5
	39.6	76.8	**15.3**	15.5

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position is as follows:

	Group	
In RM million	2023	2022
Unutilised tax losses expire in year of assessment ("YA")		
YA2028	**72.9**	72.9
YA2029	**2.3**	2.3
YA2030	**1.0**	1.0
YA2033	**3.8**	-
Unabsorbed capital allowances	**47.9**	32.4
	127.9	108.6

The Group has assessed the likelihood of sufficient future profits available to recover the amount of deductible temporary differences. Deferred tax assets of certain subsidiaries of the Group have not been recognised in respect of these items as it is not probable that taxable income of the subsidiaries will be available against which the deductible temporary differences can be utilised.

Unutilised tax losses from YA2019 onwards of the subsidiaries incorporated in Malaysia can be carried forward for a maximum of ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board and balance unutilised tax losses up to YA2018 can be carried forward until YA2028.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the respective tax authorities.

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20. OTHER NON-CURRENT ASSETS

	Group		Company	
In RM million	2023	2022	2023	2022
Investment properties (Note 20.1)	**7.0**	6.8	**-**	-
Interest in a joint venture (Note 20.2)	**6.9**	5.4	**7.8**	7.8
Other non-current investments (Note 20.3)	**92.5**	82.9	**-**	-
	106.4	95.1	**7.8**	7.8

20.1 Investment properties

Investment properties are initially measured at cost, including transaction costs.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land under investment properties has an unlimited useful life and therefore is not depreciated. The principal depreciation periods for the buildings component of the investment properties are 22 to 30.5 years.

The fair value of the investment properties for disclosure purposes, which is at Level 3 fair value, is based on Directors' estimation by reference to the market evidence of transaction prices for similar properties and recent experience in the location and category of the property being valued.

The fair value of the investment properties at the end of the reporting period is RM17.0 million (2022 – RM9.7 million).

20.2 Interest in a joint venture

	Group		Company	
In RM million	2023	2022	2023	2022
Unquoted shares, at cost	**36.0**	36.0	**36.0**	36.0
Less: Impairment loss	**(9.9)**	(9.9)	**(35.0)**	(35.0)
	26.1	26.1	**1.0**	1.0
Amount due from a joint venture	**12.9**	12.9	**12.9**	12.9
Less: Impairment loss	**(6.1)**	(6.1)	**(6.1)**	(6.1)
	6.8	6.8	**6.8**	6.8
Share of post-acquisition results and reserves	**(26.0)**	(27.5)	**-**	-
	6.9	5.4	**7.8**	7.8

Details of the joint venture are set out in Note 41 to the financial statements.

20. OTHER NON-CURRENT ASSETS (Continued)

20.2 Interest in a joint venture (Continued)

Investment in a joint venture is stated at cost less impairment loss in the separate financial statements. The Group recognises its interest in a joint venture as investment and accounts for that investment using the equity method of accounting.

Amount due from a joint venture represents outstanding amount arising from advances and payments made on behalf of a joint venture, which are unsecured, bear interest at 3.50% (2022 – 3.50%) per annum, except for an amount of RM0.1 million (2022 – RM0.1 million), which is interest-free. The amount due from a joint venture is not repayable within the next twelve (12) months in cash and cash equivalents. The carrying amount of non-current amount due from a joint venture approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Impairment for non-trade amount due from a joint venture is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model as disclosed in Note 22.2 to the financial statements.

The reconciliation of movements in the impairment loss account for amount due from a joint venture is as follows:

	Lifetime ECL – not credit impaired	
In RM million	2023	2022
Group and Company		
At beginning of financial year	**6.1**	1.9
Charge for the financial year	**-**	4.2
At end of financial year	**6.1**	6.1

The summarised financial information based on the Group's interest in the joint venture is as follows:

	Group	
In RM million	2023	2022
Profit/(Loss) for the financial period	**1.5**	(2.4)
Total comprehensive income/(loss)	**1.5**	(2.4)
Carrying amount	**6.9**	5.4

20.3 Other non-current investments

	Group	
In RM million	2023	2022
At fair value through profit or loss		
Outside Malaysia		
- Unquoted equity investments	**92.5**	82.9

21. INVENTORIES

	Group	
In RM million	2023	2022
At cost		
Plantation produce	**100.8**	83.0
Raw materials and consumables	**215.0**	88.1
Nursery inventories	**57.2**	48.0
Finished goods	**411.4**	545.2
Semi-finished goods	**37.7**	52.4
Others	**6.8**	7.0
	828.9	823.7
At net realisable value		
Raw materials and consumables	**21.7**	308.0
Finished goods	**209.8**	357.5
Semi-finished goods	**53.5**	112.3
	285.0	777.8
	1,113.9	1,601.5

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis. Cost comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition. The cost of plantation produce and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

A write down of inventories to net realisable value of RM11.4 million (2022 – RM104.9 million) was made by the Group during the financial year.

The Group reversed RM66.8 million (2022 – RM3.6 million) in respect of inventories written down in the previous financial year that were subsequently not required due to the increase in selling prices of commodities and products.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
In RM million	2023	2022	2023	2022
Trade receivables (Note 22.1)	**921.1**	1,166.5	**-**	-
Other receivables, deposits and prepayments (Note 22.2)	**386.0**	441.1	**33.4**	41.6
	1,307.1	1,607.6	**33.4**	41.6

22. TRADE AND OTHER RECEIVABLES (Continued)

22.1 Trade receivables

In RM million	Group 2023	Group 2022
Trade receivables	**930.2**	1,176.3
Less: Impairment losses	**(9.1)**	(9.8)
	921.1	1,166.5

i. The normal trade credit terms granted by the Group range from 2 to 120 days (2022 – 2 to 120 days). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

ii. Impairment for trade receivables and trade amounts due from associates that do not contain a significant financing component are recognised based on the simplified approach by applying the provisional matrix approach using the flow-rate model to calculate the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements to estimate the amount of expected impairment losses. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probabilities of non-payments by the trade receivables and trade amounts due from associates are adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the lifetime expected credit losses ("ECL") for the trade receivables and trade amounts due from associates. The Group has identified the Gross Domestic Product ("GDP"), crude palm oil prices and unemployment rate as the key macroeconomic factors. For trade receivables and trade amounts due from associates, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss. On confirmation that the trade receivables and trade amounts due from associates would not be collectable, the gross carrying values of the assets would be written off against the associated impairment.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probabilities of default by trade receivables and trade amounts due from associates and appropriate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER RECEIVABLES (Continued)

22.1 Trade receivables (Continued)

iii. The reconciliation of movements in the impairment losses accounts for trade receivables is as follows:

In RM million	Lifetime ECL	Credit impaired	Total
Group			
2023			
At beginning of financial year	**9.7**	**0.1**	**9.8**
Charge for the financial year	**0.3**	**-**	**0.3**
Reversal of impairment losses	**(1.0)**	**-**	**(1.0)**
At end of financial year	**9.0**	**0.1**	**9.1**
2022			
At beginning of financial year	12.8	0.1	12.9
Charge for the financial year	2.0	-	2.0
Write-off	(5.0)	-	(5.0)
Reversal of impairment losses	(0.1)	-	(0.1)
At end of financial year	9.7	0.1	9.8

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

22.2 Other receivables, deposits and prepayments

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Other receivables	**289.5**	376.5	**0.6**	7.1
Deposits	**56.5**	34.0	**29.7**	28.8
Prepayments	**40.0**	30.6	**3.1**	5.7
	386.0	441.1	**33.4**	41.6

22. TRADE AND OTHER RECEIVABLES (Continued)

22.2 Other receivables, deposits and prepayments (Continued)

i. Impairment for other receivables, financial guarantee contracts, amounts due from subsidiaries, an associate and joint venture are recognised based on the three-stage general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

   Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

   The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

   The probabilities of non-payments by other receivables, financial guarantee contracts and amounts due from subsidiaries, an associate and joint venture are adjusted by forward looking information and multiplied by the amounts of the expected losses arising from defaults to determine the twelve-month or lifetime ECL for the other receivables, financial guarantee contracts and amounts due from subsidiaries, an associate and joint venture. The Group has identified the Gross Domestic Product ("GDP"), crude palm oil prices and unemployment rate as the key macroeconomic factors.

   It requires management to exercise significant judgement in determining the probabilities of default by other receivables, financial guarantee contracts and amounts due from subsidiaries, an associate and joint venture, appropriate forward looking information and significant increase in credit risk.

ii. No ECL is recognised arising from other receivables as the amount is negligible.

23. AMOUNTS DUE FROM ASSOCIATES

	Group		Company	
In RM million	2023	2022	2023	2022
Amounts due from associates	**34.6**	226.9	**-**	188.2
Less: Accumulated impairment losses	**(0.3)**	(1.8)	**-**	(1.5)
	34.3	225.1	**-**	186.7

Amounts due from associates represent outstanding amounts arising from sales, advances and payments made on behalf by associates, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents except for an amount of RM188.2 million in the previous financial year, which bore interest at rates ranging from 2.04% to 4.02% per annum.

Impairment for receivables from trade amounts due from associates are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 22.1 to the financial statements.

23. AMOUNTS DUE FROM ASSOCIATES (Continued)

Impairment for receivable from non-trade amount due from an associate was recognised based on the three-stage general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model as disclosed in Note 22.2 to the financial statements.

The reconciliation of movements in the impairment losses accounts for amounts due from associates is as follows:

In RM million	12 months ECL	Lifetime ECL - Not credit impaired	Total
Group			
2023			
At beginning of financial year	**1.5**	**0.3**	**1.8**
Charge for the financial year	**-**	**0.1**	**0.1**
Reversal of impairment losses	**(1.5)**	**(0.1)**	**(1.6)**
At end of financial year	**-**	**0.3**	**0.3**
2022			
At beginning of financial year	-	0.1	0.1
Charge for the financial year	1.5	0.2	1.7
At end of financial year	1.5	0.3	1.8
Company			
2023			
At beginning of financial year	**1.5**	**-**	**1.5**
Reversal of impairment loss	**(1.5)**	**-**	**(1.5)**
At end of financial year	**-**	**-**	**-**
2022			
At beginning of financial year	-	-	-
Charge for the financial year	1.5	-	1.5
At end of financial year	1.5	-	1.5

24. OTHER INVESTMENTS

	Group		Company	
In RM million	2023	2022	2023	2022
At fair value through profit or loss				
In Malaysia				
- Quoted shares	**59.1**	53.1	**1.1**	1.9
- Unquoted shares	**8.3**	7.9	**-**	-
	67.4	61.0	**1.1**	1.9

25. OTHER CURRENT ASSETS

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Biological assets (Note 25.1)	**44.9**	61.8	**0.4**	0.5
Current tax assets	**73.1**	35.0	**-**	0.3
	118.0	96.8	**0.4**	0.8

25.1 Biological assets

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
At fair value				
Plantation expenditure for orchard				
At beginning of financial year	**1.2**	0.8	**-**	-
Additions	**3.8**	0.7	**0.2**	-
Transfer to inventories	**(3.3)**	(0.3)	**-**	-
At end of financial year	**1.7**	1.2	**0.2**	-
Fresh fruit bunches				
At beginning of financial year	**60.6**	58.0	**0.5**	0.4
Changes in fair value less costs to sell	**(17.6)**	2.6	**(0.3)**	0.1
Foreign currency translation differences	**0.2**	-	**-**	-
At end of financial year	**43.2**	60.6	**0.2**	0.5
Total biological assets	**44.9**	61.8	**0.4**	0.5

The biological assets of the Group and the Company comprise:

i. Plantation expenditure for orchard

The Group deems the fair value less costs to sell of the plantation expenditure for orchard to approximate cost.

The fair value of planting expenditure of the Group is categorised within Level 3 of the fair value hierarchy. There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

ii. 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 sales of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost, transport and windfall profit levy.

During the financial year, the Group and the Company harvested approximately 2,686,356 tonnes (2022 – 2,726,516 tonnes) and 8,497 tonnes (2022 – 13,410 tonnes) of FFB respectively.

As at 30 June 2023, none of the biological assets are pledged as securities for liabilities.

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, profit or loss for the Group would have equally increased or decreased by approximately RM5.4 million (2022 – RM7.5 million) and no significant impact for profit or loss for the Company.

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

26. SHORT TERM FUNDS

In RM million	Group 2023	Group 2022
At fair value through profit or loss		
Investments in trust funds in Malaysia	**1,158.0**	1,102.6

Investments in trust funds in Malaysia represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

27. DEPOSITS WITH FINANCIAL INSTITUTIONS

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Deposits with licensed banks	**53.5**	230.9	**51.4**	50.1

No expected credit loss is recognised arising from deposits with licensed banks because the probability of default by these financial institutions is negligible.

28. SHARE CAPITAL AND TREASURY SHARES

28.1 Share capital

	2023		2022	
	No. of shares	Amount *RM million*	No. of shares	Amount *RM million*
Group and Company				
Issued and fully paid with no par value				
Ordinary shares				
At beginning of financial year/At end of financial year	**6,285,198,995**	**791.1**	6,285,198,995	791.1

i. The owners of the parent are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

ii. Of the total 6,285,198,995 (2022 – 6,285,198,995) issued and fully paid-up ordinary shares, 81,501,700 (2022 – 72,226,500) shares are held as treasury shares as disclosed in Note 28.2 to the financial statements. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at end of the financial year is 6,203,697,295 (2022 – 6,212,972,495).

28. SHARE CAPITAL AND TREASURY SHARES (Continued)

28.2 Treasury shares

The shareholders of the Company, by an ordinary resolution passed at an extraordinary general meeting held on 18 November 1999, approved the Company's plan to repurchase up to 10% of the issued share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings ("AGM") of the Company, including the last AGM held on 31 October 2022.

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company.

The Company has the right to cancel, resell and/or distribute the treasury shares as dividends or transfer the treasury shares as purchase consideration at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased had been sold, cancelled or transferred during the financial year.

During the financial year, the Company repurchased its issued ordinary shares from the open market as follows:

			Purchase Price *		
	No. of Shares	Cost *RM million*	Highest *RM*	Lowest *RM*	Average *RM*
2023					
At beginning of financial year	**72,226,500**	**275.4**	**4.48**	**3.61**	**3.81**
Purchased during the financial year					
July 2022	**613,000**	**2.3**	**3.74**	**3.74**	**3.74**
October 2022	**4,385,500**	**16.1**	**3.68**	**3.66**	**3.67**
February 2023	**800,000**	**3.0**	**3.77**	**3.77**	**3.77**
March 2023	**822,000**	**3.1**	**3.76**	**3.73**	**3.73**
June 2023	**2,654,700**	**9.9**	**3.77**	**3.73**	**3.75**
	9,275,200	**34.4**	**3.77**	**3.66**	**3.71**
At end of financial year	**81,501,700**	**309.8**	**4.48**	**3.61**	**3.80**
2022					
At beginning of financial year	36,425,300	141.2	4.48	3.65	3.88
Purchased during the financial year					
July 2021	13,704,500	50.8	3.81	3.65	3.70
August 2021	2,191,600	8.0	3.71	3.64	3.67
September 2021	5,640,000	21.3	3.90	3.73	3.77
October 2021	3,411,600	13.8	4.05	4.03	4.04
November 2021	5,380,000	20.3	3.87	3.67	3.78
December 2021	5,473,500	20.0	3.74	3.61	3.65
	35,801,200	134.2	4.05	3.61	3.75
At end of financial year	72,226,500	275.4	4.48	3.61	3.81

* Purchase price includes stamp duty, brokerage and clearing fees.

The transactions under Share Buy Back were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares in accordance with the provision of Section 127 of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

29. RESERVES

	Group	
In RM million	2023	2022
Capital reserves (Note 29.1)	**7.7**	7.7
Foreign currency translation reserve (Note 29.2)	**259.4**	88.5
Hedging reserves (Note 29.3)	**20.4**	23.1
Other reserves (Note 29.4)	**(0.4)**	(6.5)
	287.1	112.8

The movements in reserves are shown in the statements of changes in equity.

29.1 Capital reserves

	Group	
In RM million	2023	2022
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling shareholders	**7.7**	7.7
	7.7	7.7

29.2 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

29.3 Hedging reserves

Hedging reserves of the Group comprise:

i. The effective portion of cumulative gain or loss on hedging instruments relating to the hedges of the Group's net investment in a foreign operation; and

ii. Realised gain on settlement of Treasury lock contract ("T-lock"), which was used to hedge the fluctuations in benchmark interest rate risk of the U.S. Treasury Bill yield for the issuance of USD300 million 3.375% Guaranteed Notes due 2031 under a Euro Medium Term Note Programme as disclosed in Note 30.5 to the financial statements. A portion of the realised gain on the T-lock amounting to RM2.7 million (2022 – RM1.7 million) has been reclassified to profit or loss as an adjustment of the interest expense on the Notes during the financial year.

29.4 Other reserves

The other reserves arising from the Group's share of associates' post-acquisition other reserves.

30. BORROWINGS

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Non-current liabilities				
Unsecured				
Term loans (Note 30.1)	**678.2**	677.0	**-**	-
Islamic financing facilities (Note 30.2)	**888.6**	901.1	**888.6**	901.1
Less: Portion due within 12 months included under short term borrowings	**(69.9)**	(65.6)	**(69.9)**	(65.6)
	818.7	835.5	**818.7**	835.5
Guaranteed Notes due 2031 (Note 30.5)	**1,389.7**	1,305.9	**-**	-
Finance lease obligation	**9.3**	8.4	**-**	-
Less: Portion due within 12 months included under short term borrowings	**(0.2)**	(0.2)	**-**	-
	9.1	8.2	**-**	-
	2,895.7	2,826.6	**818.7**	835.5
Current liabilities				
Unsecured				
Islamic financing facilities – portion due within 12 months (Note 30.2)	**69.9**	65.6	**69.9**	65.6
Revolving credits (Note 30.6)	**367.5**	623.1	**367.5**	623.1
Trade financing (Note 30.7)	**180.5**	995.7	**-**	-
Islamic revolving credit financing facilities (Note 30.8)	**243.4**	470.8	**243.4**	470.8
Finance lease obligation – portion due within 12 months	**0.2**	0.2	**-**	-
	861.5	2,155.4	**680.8**	1,159.5
Total borrowings	**3,757.2**	4,982.0	**1,499.5**	1,995.0

NOTES TO THE FINANCIAL STATEMENTS

30. BORROWINGS (Continued)

30.1 Term loans

The term loans of the Group include:

Unsecured

i. 30-year JPY15.0 billion fixed-rate loan due 2037 that was drawn down on 22 January 2007 by a wholly-owned subsidiary incorporated in Labuan. This fixed-rate loan bears interest at 4.325% per annum. The outstanding amount as at the end of the financial year is JPY15.0 billion (2022 – JPY15.0 billion) and is repayable in full on 22 January 2037.

ii. 30-year JPY6.0 billion fixed-rate loan due 2038 that was drawn down on 5 February 2008 by a wholly-owned subsidiary incorporated in Labuan. This fixed-rate loan bears interest at 4.50% per annum. The outstanding amount as at end of the financial year is JPY6.0 billion (2022 – JPY6.0 billion) and is repayable in full on 5 February 2038.

30.2 Islamic financing facilities

The Islamic financing facilities of the Group include:

Unsecured

i. Commodity Murabahah Financing Facility of USD30.0 million that was drawn down on 31 May 2019 by the Company. The profit rate of this fixed-rate Islamic financing facility is 1.75% per annum and is repayable in two (2) annual instalments of USD15.0 million each commencing 48 months from the first drawn date. Part of the Commodity Murabahah Financing Facility of USD15.0 million was repaid during the financial year. The outstanding amount as at end of the financial year is USD15.0 million (2022 – USD30.0 million) and is repayable in full on 1 June 2024.

ii. Commodity Murabahah Financing Facility of USD15.0 million that was drawn down on 21 July 2020 by the Company. The profit rate of this fixed-rate Islamic financing facility is 1.25% per annum. The outstanding amount as at end of the financial year is USD15.0 million (2022 – USD15.0 million) and is repayable in full on 1 August 2024.

iii. Commodity Murabahah Foreign Currency Term Financing Facility of USD55.0 million that was drawn down on 13 December 2021 by the Company. The profit rate of this Islamic financing facility is 0.90% plus LIBOR and is repayable in two (2) annual instalments of USD27.5 million each commencing 48 months from the first drawn date. The outstanding amount as at end of the financial year is USD55.0 million (2022 – USD55.0 million).

iv. Commodity Murabahah Foreign Currency Term Financing Facility of USD25.0 million and USD30.0 million that were drawn down on 29 December 2021 and 29 April 2022 respectively by the Company. The profit rate of this Islamic financing facility is 0.90% plus LIBOR and is repayable in two (2) annual instalments of USD27.5 million each commencing 48 months from the first drawn date. The outstanding amount as at end of the financial year is USD55.0 million (2022 – USD55.0 million).

v. Commodity Murabahah Foreign Currency Term Financing Facility of USD50.0 million that was drawn down on 22 June 2022 by the Company. The profit rate of this Islamic financing facility is 1.162% plus Secured Overnight Financing Rate ("SOFR") and is repayable in two (2) annual instalments of USD30.0 million and USD20.0 million commencing 48 months from the first drawn date. The outstanding amount as at end of the financial year is USD50.0 million (2022 – USD50.0 million).

NOTES TO THE FINANCIAL STATEMENTS

30. BORROWINGS (Continued)

30.3 Repayment schedule

The term loans and the Islamic financing facilities are repayable by instalments of varying amounts or upon maturity over the following periods:

In RM million	Group		Company	
	2023	2022	2023	2022
Less than 1 year	**69.9**	65.6	**69.9**	65.6
1 – 2 years	**69.6**	65.8	**69.6**	65.8
2 – 3 years	**398.1**	65.1	**398.1**	65.1
3 – 4 years	**351.0**	374.3	**351.0**	374.3
4 – 5 years	**-**	330.3	**-**	330.3
More than 5 years	**678.2**	677.0	**-**	-
	1,566.8	1,578.1	**888.6**	901.1

30.4 USD600 Million 4.375% Guaranteed Notes due 2022 ("Guaranteed Notes due 2022")

On 15 May 2012, the Company's wholly-owned subsidiary, IOI Investment (L) Berhad ("IOI Investment"), a company incorporated in the Federal Territory of Labuan under the Labuan Companies Act, 1990, established a Euro Medium Term Note Programme, with an initial programme size of USD1.5 billion ("EMTN Programme").

Subsequently, on 27 June 2012, IOI Investment issued USD600 million 4.375% Notes due 2022 at an issue price of 99.288% ("Guaranteed Notes due 2022") under the EMTN Programme. The Guaranteed Notes due 2022 were listed on the Singapore Exchange Securities Trading Limited. The Guaranteed Notes due 2022 carried an interest rate of 4.375% per annum payable semi-annually in arrears on 27 June and 27 December commencing 27 December 2012 with maturity date on 27 June 2022. The Guaranteed Notes due 2022 were unconditionally and irrevocably guaranteed by the Company.

At initial recognition, the Guaranteed Notes due 2022 were recognised in the Group's statement of financial position as follows:

In RM million	Group
Principal amount	**1,912.2**
Discount on issue price	**(13.7)**
Net proceeds received	**1,898.5**
Transaction cost	**(3.8)**
	1,894.7

On 9 November 2021, the Group repurchased USD295.2 million of the USD600 million 4.375% Guaranteed Notes due 2022 with a premium of USD6.8 million (equivalent to RM29.4 million) via a cash tender offer. Subsequent to the repurchase, the outstanding amount of Guaranteed Notes due 2022 was USD304.8 million, which was fully redeemed by the Group in the previous financial year.

30. BORROWINGS (Continued)

30.4 USD600 Million 4.375% Guaranteed Notes due 2022 ("Guaranteed Notes due 2022") (Continued)

The movements of the Guaranteed Notes due 2022 in the previous financial year were as follows:

In RM million	Group
	2022
At beginning of financial year	2,490.1
Repurchase of Guaranteed Notes due 2022	(1,228.8)
Redemption of Guaranteed Notes due 2022	(1,342.1)
Foreign currency translation differences	78.9
Interest expense	1.9
At end of financial year	-

30.5 USD300 Million 3.375% Guaranteed Notes due 2031 ("Guaranteed Notes due 2031")

On 26 October 2021, IOI Investment issued USD300 million 3.375% Notes due 2031 at an issue price of 99.053% ("Guaranteed Notes due 2031") under the EMTN Programme. The Guaranteed Notes due 2031 are listed on the Singapore Exchange Securities Trading Limited. The Guaranteed Notes due 2031 carry an interest rate of 3.375% per annum payable semi-annually in arrears on 2 May and 2 November commencing 2 May 2022 and will mature on 2 November 2031. The Guaranteed Notes 2031 are fully and unconditionally guaranteed by the Company.

Prior to the issuance of Guaranteed Notes due 2031, the Group entered into a Treasury lock contract ("T-lock"), which was akin to a forward contract on U.S. Treasury Bill yield ("UST"). The T-lock hedged the fluctuations in benchmark interest rate risk of the UST, which formed part of the pricing of the Guaranteed Notes due 2031. Upon the settlement of the T-lock, a realised gain of USD6.0 million (equivalent to RM24.8 million) was recognised in other comprehensive income in the previous financial year as disclosed in Note 29.3 to the financial statements.

At initial recognition, the Guaranteed Notes due 2031 were recognised in the Group's statement of financial position as follows:

In RM million	Group
Principal amount	**1,259.2**
Discount on issue price	**(11.9)**
Net proceeds received	**1,247.3**
Transaction cost	**(3.4)**
	1,243.9

The movements of the Guaranteed Notes due 2031 during the financial year are as follows:

In RM million	Group	
	2023	2022
At beginning of financial year/At drawdown date	**1,305.9**	1,243.9
Foreign currency translation differences	**82.4**	61.2
Interest expense	**1.4**	0.8
At end of financial year	**1,389.7**	1,305.9

30. BORROWINGS (Continued)

30.6 Revolving credit financing facilities

Unsecured

The revolving credit financing facilities are subject to interest rates ranging from 1.29% to 5.67% (2022 – 0.58% to 2.34%) per annum.

30.7 Trade financing

Unsecured

Trade financing facilities utilised during the financial year are subject to interest rates ranging from 2.03% to 5.22% (2022 – 0.39% to 2.54%) per annum.

30.8 Islamic revolving credit financing facilities

Unsecured

The Islamic revolving credit financing facilities (Commodity Murabahah Revolving Credit) are subject to profit rates ranging from 0.30% to 5.68% (2022 – 0.25% to 2.17%) per annum.

30.9 Reconciliation of liabilities from financing activities

Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows is as follows:

	Group		Company	
In RM million	2023	2022	2023	2022
At beginning of financial year	**4,982.0**	4,897.6	**1,995.0**	864.2
Cash flows				
- Notes	**-**	(1,356.4)	**-**	-
- Islamic financing facilities	**(69.2)**	216.6	**(69.2)**	448.0
- Short term borrowings	**(1,350.8)**	1,092.0	**(522.7)**	643.1
Non-cash flows				
- Loss on repurchase of Guaranteed Notes due 2022	**-**	29.4	**-**	-
- Interest expense	**2.4**	3.7	**1.0**	1.0
- Foreign currency translation differences	**192.8**	99.1	**95.4**	38.7
At end of financial year	**3,757.2**	4,982.0	**1,499.5**	1,995.0

31. LEASE LIABILITIES

31.1 The Group as lessee

	Group	
In RM million	2023	2022
Non-current liabilities	**54.9**	56.9
Current liabilities	**8.2**	8.9
Total lease liabilities	**63.1**	65.8

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group's incremental borrowing rates ranging from 4.55% to 7.09% (2022 – 4.55% to 7.09%).

After initial recognition, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessments or lease modifications.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The Group has recognised the lease payments associated with short term leases of twelve (12) months or less and low value assets of RM20,000 and below on a straight-line basis over the lease terms and recognised as rental expenses as follows:

	Group	
In RM million	2023	2022
Short term leases	**1.2**	1.0
Low value assets	**0.1**	0.1

31.2 Reconciliation of liabilities from financing activities

Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows is as follows:

	Group	
In RM million	2023	2022
At beginning of financial year	**65.8**	66.1
Cash flows		
- Payments of lease liabilities	**(11.1)**	(9.6)
- Payments of lease interest	**(3.9)**	(3.8)
Non-cash flows		
- Additions	**12.6**	13.0
- Interest expense	**4.0**	3.9
- Reassessments and modifications of leases	**(4.4)**	(3.8)
- Foreign currency translation differences	**0.1**	-
At end of financial year	**63.1**	65.8

During the financial year, the Group had total cash outflow for leases of RM16.3 million (2022 – RM14.5 million).

32. OTHER NON-CURRENT LIABILITIES

	Group	
In RM million	2023	2022
Retirement benefits (Note 32.1)	**55.0**	54.5
Deferred income (Note 32.2)	**23.5**	26.0
	78.5	80.5

32.1 Retirement benefits

	Group	
In RM million	2023	2022
Present value of unfunded obligations	**55.0**	54.5
Recognised liability for defined benefit obligations	**55.0**	54.5

The plans of the subsidiaries are operated on an unfunded basis. The benefits payable on retirement are generally based on the length of service and average salary of the eligible employees.

The last actuarial valuations for the unfunded plans were carried out on 30 June 2021 and 30 June 2023.

Movements in the net liabilities recognised in the statements of financial position:

Present value of unfunded obligations

	Group	
In RM million	2023	2022
At beginning of financial year	**54.5**	65.9
Benefits paid	**(3.4)**	(2.6)
Expenses recognised in profit or loss (Note 10(b))	**3.8**	3.9
Re-measurements		
- Actuarial gain recognised in other comprehensive income	**(3.2)**	(9.8)
Foreign currency translation differences	**3.3**	(2.9)
At end of financial year	**55.0**	54.5

Expenses recognised in profit or loss:

	Group	
In RM million	2023	2022
Current service cost	**1.9**	3.0
Interest cost	**1.9**	0.9
	3.8	3.9

NOTES TO THE FINANCIAL STATEMENTS

32. OTHER NON-CURRENT LIABILITIES (Continued)

32.1 Retirement benefits (Continued)

Liability for defined benefit obligations

Principal actuarial assumption used at the end of the reporting period (expressed as weighted averages):

	Group	
%	2023	2022
Discount rate	**3.8**	3.3

Sensitivity analysis

The impact on changes of the significant actuarial assumption as at the end of the reporting period is as follows:

	Group	
In RM million	2023	2022
Discount rate increase by 0.1%	**(0.5)**	(0.7)
Discount rate decrease by 0.1%	**0.7**	0.8

32.2 Deferred income

Government grant

	Group	
In RM million	2023	2022
At beginning of financial year	**26.0**	28.5
Current year amortisation charge	**(2.5)**	(2.5)
At end of financial year	**23.5**	26.0

Deferred income represents government grant received from the Malaysian Palm Oil Board to build a new fatty ester and specialty oleo derivative production facility. The grant is amortised over the remaining useful life of nine (9) years of the plant.

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33. TRADE AND OTHER PAYABLES

In RM million	Group		Company	
	2023	2022	2023	2022
Trade payables (Note 33.1)	**282.5**	394.3	**-**	-
Other payables and accruals (Note 33.2)	**428.6**	546.5	**115.1**	100.8
Financial guarantee contracts (Note 33.3)	**-**	-	**4.5**	4.7
	711.1	940.8	**119.6**	105.5

33.1 Trade payables

Credit terms of trade payables vary from 2 to 60 days (2022 – 2 to 60 days) from date of invoices.

33.2 Other payables and accruals

In RM million	Group		Company	
	2023	2022	2023	2022
Other payables	**201.5**	328.6	**39.1**	37.1
Customer deposits and other deposits	**4.1**	8.0	**-**	-
Accruals	**223.0**	209.9	**76.0**	63.7
	428.6	546.5	**115.1**	100.8

33.3 Financial guarantee contracts

Financial guarantee contracts are subject to forward looking expected credit loss model based on the general approach within MFRS 9 as disclosed in Note 22.2 to the financial statements.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

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

The nominal amounts of financial guarantee provided are as follows:

In RM million	Company	
	2023	2022
Banking facilities granted to subsidiaries	**2,259.9**	2,125.9

NOTES TO THE FINANCIAL STATEMENTS

33. TRADE AND OTHER PAYABLES (Continued)

33.3 Financial guarantee contracts (Continued)

The movements of the financial guarantee contracts during the financial year are as follows:

In RM million	Company	
	2023	2022
At beginning of financial year	**4.7**	3.2
Fair value changes on financial guarantee contracts	**(0.2)**	1.5
At end of financial year	**4.5**	4.7

34. OTHER CURRENT LIABILITIES

In RM million	Group		Company	
	2023	2022	2023	2022
Amounts due to associates (Note 34.1)	**4.8**	6.0	**-**	-
Current tax liabilities	**30.8**	181.8	**2.6**	-
	35.6	187.8	**2.6**	-

34.1 Amounts due to associates

Amounts due to associates represent outstanding amounts arising from agency income, purchases, advances and payments made on behalf by associates, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise:

In RM million	Group		Company	
	2023	2022	2023	2022
Short term funds (Note 26)	**1,158.0**	1,102.6	**-**	-
Deposits with financial institutions with maturities of 3 months or less (Note 27)	**53.5**	230.9	**51.4**	50.1
Cash and bank balances	**1,023.5**	1,219.4	**65.0**	77.3
	2,235.0	2,552.9	**116.4**	127.4

The Group has undrawn borrowing facilities of RM8,300.0 million (2022 – RM6,123.9 million) at the end of the financial year, and this includes undrawn facilities equivalent to RM5,617.2 million (2022 – RM5,284.2 million) in respect of the EMTN Programme as disclosed in Note 30.4 to the financial statements.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments and short term funds, which are readily convertible to cash and are subject to insignificant risk of changes in value.

No expected credit loss is recognised arising from cash and bank balances and deposits with financial institutions because the probability of default by these financial institutions is negligible.

36. SIGNIFICANT RELATED PARTY DISCLOSURES

36.1 Identity of related parties

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

Related parties of the Group include:

i. Progressive Holdings Sdn Bhd, the ultimate holding company;

ii. Direct and indirect subsidiaries as disclosed in Note 41 to the financial statements;

iii. Associates and joint venture as disclosed in Note 41 to the financial statements;

iv. Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

v. Affiliates, companies in which the Directors are also the substantial shareholders of the Company and have substantial shareholding interests.

36.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

In RM million	2023	2022
Group		
Associates		
Sales of oleochemical products and palm products	**531.6**	847.6
Purchases of oleochemical products and palm products	**94.9**	128.6
Rental income on storage tank	**8.8**	10.5
Interest income	**2.1**	1.4
Affiliates		
Management fees income	**5.3**	4.7
Agency fees income	**2.6**	3.5
Purchases of palm products	**41.4**	72.9
Rental paid	**4.7**	4.6
Company		
Subsidiaries		
Sales of palm products	**7.6**	18.7
Advisory fees income	**24.2**	28.2
Management fees expenses	**9.5**	8.6
Interest income	**134.4**	40.6
Interest expense	**73.7**	72.8
Associate		
Interest income	**2.1**	1.4

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2023 is disclosed in Note 16.2, Note 20.2, Note 23 and Note 34.1 to the financial statements.

36. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

36.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
In RM million	2023	2022	2023	2022
Directors				
Fees	**1.3**	1.3	**1.3**	1.3
Remuneration	**20.4**	23.1	**20.4**	23.1
Total short term employee benefits	**21.7**	24.4	**21.7**	24.4
Post-employment benefits	**2.3**	2.7	**2.3**	2.7
	24.0	27.1	**24.0**	27.1
Other key management personnel				
Short term employee benefits	**4.1**	3.0	**-**	-
Post-employment benefits	**0.5**	0.4	**-**	-
	4.6	3.4	**-**	-

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that the entities of the Group are able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity mix. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2022.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other long term liabilities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, buy back shares or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023 and 30 June 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's net debt includes borrowings and lease liabilities less cash and cash equivalents. The Group has an appropriate target gearing ratio, which is monitored by the Group on an ongoing basis.

37. CAPITAL MANAGEMENT (Continued)

In RM million	Group 2023	Group 2022	Company 2023	Company 2022
Borrowings (Note 30)	**3,757.2**	4,982.0	**1,499.5**	1,995.0
Lease liabilities (Note 31.1)	**63.1**	65.8	**-**	-
	3,820.3	5,047.8	**1,499.5**	1,995.0
Less: Cash and cash equivalents (Note 35)	**(2,235.0)**	(2,552.9)	**(116.4)**	(127.4)
Net debt	**1,585.3**	2,494.9	**1,383.1**	1,867.6
Equity attributable to owners of the parent	**11,330.8**	10,943.7	**7,210.6**	7,056.3
Gearing ratio (%)	**13.99%**	22.80%	**19.18%**	26.47%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2023.

The Group is not subject to any other externally imposed capital requirements.

38. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, price fluctuation risk, credit risk and liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. The Group operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors.

The Group operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines, which are administered via divisional Risk Management Committees. Divisional Risk Management Committees report regularly to the Audit and Risk Management Committee, which oversees the management of risk in the Group on behalf of the Board of Directors.

38.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar ("USD"), Euro ("EUR") and Japanese Yen ("JPY"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign currency exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts and options on a back-to-back basis.

The downstream segment's forward contractual commitments intended to be physically settled are fully hedged with respect to its currency risk on a back-to-back basis with currency forward contracts. Where the netting of forward sales against forward purchases with matching currency risk characteristics is possible, these would first be netted before hedging the net currency exposure with forward contracts. Currency risk on forward contractual commitments with clear intention for net-cash settlement (i.e. paper trading) are not considered for hedging until the exercising of the net settlement.

The hedging methods that the Group adopts in managing its currency risk depend on the principal forms of foreign currency exposure, as discussed below:

i. Structural foreign currency exposure from its net investment in foreign operations (subsidiaries and associates)

Background

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income. Intragroup transactions with foreign operations involving monetary financial instruments will also result in foreign currency translation gain or loss that cannot be eliminated on consolidation, but has to be recognised either in profit or loss or in other comprehensive income. However, non-monetary financial items translated at historical exchange rates will not give rise to foreign currency risk. Resulting from its net investment in foreign operations, the Group's current and future profit stream in various foreign currencies will also be exposed to foreign currency risk.

Hedging method

Where feasible, the Group would match its foreign currency borrowing with the functional currency of its foreign operations. Nevertheless, the Group considers such foreign currencies' overall fiscal position and borrowing costs before deciding on the major currency to be carried as debt in its book. In this regard, the Group has major foreign currency borrowings denominated in USD, EUR and JPY, which do not necessarily match all the functional currencies of its foreign operations. Where appropriate, exposures from mismatch in foreign currency borrowings are hedged with Cross Currency Swap.

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.1 Risk management approach (Continued)

ii. Transactional obligations or rights denominated in foreign currency

Background

The majority of the Group's transactional currency risk arises from its foreign currency based forward sales and purchases of commodity items, contracted by its subsidiaries along the palm value chain. These forward commodity contracts for "own use" purposes are non-financial instruments and are generally not recognised in the statements of financial position. However, these non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations. Certain product-streams underlying the forward contracts are net-cash settled or have contract provisions for net-cash settlement, and these are accounted by the Group as financial instruments with fair valuation impact to its financial statements. Regardless of "own use" or fair value through profit or loss, these forward contracts on fulfilment at maturity will result in book receivables or payables in foreign currency.

Hedging method

Intra-day transactions or forward contracts in foreign currencies are first netted based on matching characteristics. The net exposure is then hedged off with vanilla foreign exchange forwards.

In general, currency exposure from foreign investments and borrowings is managed centrally at the Group HQ level, whilst currency exposure arising from transactions or contractual obligations is managed at the respective entity or business unit's level. The Group adopts a uniform Foreign Currency Risk Management Policy and Guide, which sets out the authority and limits for inception of foreign currency derivatives; types of approved foreign currency derivatives; acceptable hedging practices and methods; and over-sight structure and controls. Below are extracts of key policies:

a) Speculative positioning on foreign currency is prohibited;

b) Net currency exposure on trade transactions and forward contracts are to be hedged in full on back-to-back basis. Hedging on portfolio basis (or macro-hedging) comprising unmatched mixed maturity and amount is disallowed;

c) Inception of foreign currency derivatives as hedging instrument against forecast trade transactions in foreign currency is disallowed;

d) Hedging with foreign currency futures on traded exchanges is generally disallowed;

e) Inception of over-the-counter structured derivatives for hedging purposes are confined to HQ and each contract is subject to executive management's approval; and

f) Subsidiaries inception of foreign currency derivative for hedging purposes are confined to vanilla foreign currency forwards and plain European style foreign currency options.

The Group's entire currency exposure (as hedge items) and corresponding foreign currency derivative hedging instruments are marked-to-market and fair valued once a month primarily for operational hedge effectiveness testing and for executive management reporting and oversight. Weekly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.2 Foreign currency risk exposure

The analysis of the Group's and the Company's foreign currencies long/(short) positions for each class of financial instruments with separate lines on currency derivative is as follows:

In RM million Contract based currency	USD		EUR		JPY		Others	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Group								
2023								
Financial assets in foreign currencies								
Cash and bank balances	**74.1**	**-**	**36.1**	**-**	**-**	**-**	**0.1**	**-**
Trade and other receivables	**696.5**	**-**	**23.5**	**-**	**17.1**	**-**	**8.7**	**-**
Derivative assets	**281.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities in foreign currencies								
Trade and other payables	**(42.4)**	**-**	**(1.3)**	**-**	**-**	**-**	**(3.1)**	**-**
Borrowings *	**(791.6)**	**(2,223.5)**	**-**	**-**	**-**	**(678.2)**	**-**	**-**
Derivative liabilities	**(479.7)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Currency derivatives								
Foreign currency forwards	**(1,347.4)**	**-**	**(85.7)**	**-**	**(31.7)**	**-**	**(6.5)**	**-**
Structured and hybrids	**-**	**(598.1)**	**-**	**(247.3)**	**-**	**678.2**	**-**	**-**
Net exposure	**(1,608.6)**	**(2,821.6)**	**(27.4)**	**(247.3)**	**(14.6)**	**-**	**(0.8)**	**-**

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.2 Foreign currency risk exposure (Continued)

In RM million Contract based currency	USD		EUR		JPY		Others	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Group								
2022								
Financial assets in foreign currencies								
Cash and bank balances	227.9	-	0.4	-	-	-	0.1	-
Trade and other receivables	869.1	-	48.9	-	15.2	-	12.9	-
Amounts due from associates	194.3	-	-	-	-	-	-	-
Derivative assets	2,437.6	-	1,387.1	-	-	-	-	-
Financial liabilities in foreign currencies								
Trade and other payables	(138.5)	-	(9.4)	-	-	-	(1.9)	-
Borrowings *	(1,729.6)	(2,157.7)	(92.1)	-	-	(677.0)	-	-
Derivative liabilities	(1,332.1)	-	(1,733.9)	-	-	-	-	-
Currency derivatives								
Foreign currency forwards	(3,043.4)	-	(198.4)	-	(49.8)	-	(19.9)	-
Structured and hybrids	-	(562.7)	-	(223.3)	-	677.0	-	-
Net exposure	(2,514.7)	(2,720.4)	(597.4)	(223.3)	(34.6)	-	(8.8)	-

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.2 Foreign currency risk exposure (Continued)

In RM million Contract based currency	USD		EUR		Others	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Company						
2023						
Financial assets in foreign currencies						
Cash and bank balances	**23.5**	**-**	**34.2**	**-**	**0.1**	**-**
Amounts due from subsidiaries	**877.8**	**1,160.8**	**-**	**-**	**-**	**-**
Financial liabilities in foreign currencies						
Borrowings *	**(681.1)**	**(819.2)**	**-**	**-**	**-**	**-**
Amounts due to subsidiaries	**(16.3)**	**(855.6)**	**-**	**-**	**-**	**-**
Currency derivatives						
Structured and hybrids	**-**	**257.5**	**-**	**(247.3)**	**-**	**-**
Net exposure	**203.9**	**(256.5)**	**34.2**	**(247.3)**	**0.1**	**-**
2022						
Financial assets in foreign currencies						
Cash and bank balances	25.2	-	0.2	-	0.1	-
Amounts due from subsidiaries	1,230.4	1,046.4	-	-	2.2	-
Amount due from an associate	188.2	-	-	-	-	-
Derivative assets	-	-	1,387.1	-	-	-
Financial liabilities in foreign currencies						
Borrowings *	(1,067.9)	(836.7)	(92.1)	-	-	-
Amounts due to subsidiaries	(15.4)	(804.9)	-	-	-	-
Derivative liabilities	-	-	(1,733.9)	-	-	-
Currency derivatives						
Structured and hybrids	-	242.2	-	(223.3)	-	-
Net exposure	360.5	(353.0)	(438.7)	(223.3)	2.3	-

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.2 Foreign currency risk exposure (Continued)

i. The Group is net short in USD by USD0.9 billion (equivalent to RM4.4 billion) (2022 – net short by USD1.2 billion (equivalent to RM5.2 billion)) and net short in EUR by EUR0.1 billion (equivalent to RM0.3 billion) (2022 – net short by EUR0.2 billion (equivalent to RM0.8 billion)), where USD0.6 billion (equivalent to RM2.8 billion) (2022 – USD0.6 billion (equivalent to RM2.7 billion)) and EUR0.1 billion (equivalent to RM0.2 billion) (2022 – EUR0.1 billion (equivalent to RM0.2 billion)) are due beyond twelve (12) months. These short positions are expected to be met from their future revenue stream mainly denominated in USD and EUR;

ii. The foreign currency long-short mismatch between forward commodity contracts (as hedge items) and foreign currency forward derivative (as hedging instruments) is attributed to intragroup forward commodity sales and purchases that give rise to net currency exposure at the entity level. Foreign currency long-short position from forward commodity contracts of both related entities are eliminated on consolidation (but not necessarily its fair value gain or loss arising from foreign currency) i.e. leaving behind the currency long-short on foreign currency forward derivative.

The cross currency swap contracts of the Group and of the Company are as follows:

Group

2023

i. Cross currency swaps contract to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cash flow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

ii. Cross currency swaps contract to swap USD liability of USD55.0 million to fixed rate EUR liability of EUR48.6 million. These were entered into as a net investments hedge against the Group's Euro denominated assets. The effective period for these cross currency swaps is from December 2021 to December 2026.

2022

i. Cross currency swaps contract to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cash flow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

ii. Cross currency swaps contract to swap USD liability of USD55.0 million to fixed rate EUR liability of EUR48.6 million. These were entered into as a net investments hedge against the Group's Euro denominated assets. The effective period for these cross currency swaps is from December 2021 to December 2026.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (Continued)

38.1 Foreign currency risk (Continued)

38.1.2 Foreign currency risk exposure (Continued)

The cross currency swap contracts of the Group and of the Company are as follows (Continued):

Company

2023

Cross currency swaps contract to swap USD liability of USD55.0 million to fixed rate EUR liability of EUR48.6 million. These were entered into as a net investments hedge against the Group's Euro denominated assets. The effective period for these cross currency swaps is from December 2021 to December 2026.

2022

Cross currency swaps contract to swap USD liability of USD55.0 million to fixed rate EUR liability of EUR48.6 million. These were entered into as a net investments hedge against the Group's Euro denominated assets. The effective period for these cross currency swaps is from December 2021 to December 2026.

38.1.3 Sensitivity analysis

The Group's exposure to foreign currency risk is primarily from foreign currency denominated borrowings, deposits and cash and bank balances. A 1,000 pips increase or decrease in foreign currency rate of foreign currency denominated borrowings, deposits and cash and bank balances would have equally decreased or increased the profit for the Group and the Company by approximately RM73.3 million (2022 – RM85.1 million) and RM30.2 million (2022 – RM44.0 million) respectively.

38.2 Interest rate risk

The Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

38.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments. Changes in market interest rates will be re-priced immediately into these floating interest bearing financial instruments.

38. FINANCIAL INSTRUMENTS (Continued)

38.2 Interest rate risk (Continued)

38.2.2 Interest rate risk exposure

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the financial year and the remaining repricing brackets of the Group's and the Company's financial instruments that are exposed to interest rate risk:

In RM million	Note	Repricing Brackets: Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total: Amount	Weighted average effective interest rate %
Group								
2023								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	27	53.5	-	-	-	-	53.5	3.30
Amount due from a joint venture	20.2	-	0.8	-	4.0	8.0	12.8	3.50
		53.5	0.8	-	4.0	8.0	66.3	
Floating rate instruments								
Short term funds	26	1,158.0	-	-	-	-	1,158.0	3.19
Cash and bank balances	35	1,023.5	-	-	-	-	1,023.5	2.40
		2,181.5	-	-	-	-	2,181.5	
Total assets repricing		2,235.0	0.8	-	4.0	8.0	2,247.8	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	30.1	-	-	-	-	678.2	678.2	4.38
Notes *	30.5	-	-	-	-	1,404.3	1,404.3	3.32
Trade financing	30.7	180.5	-	-	-	-	180.5	4.59
Finance lease obligation	30	0.2	0.2	0.2	0.2	8.5	9.3	2.00
Islamic financing facilities *	30.2	70.2	70.2	-	-	-	140.4	1.50
Lease liabilities	31	8.2	27.6	4.4	5.6	17.3	63.1	6.10
		259.1	98.0	4.6	5.8	2,108.3	2,475.8	
Floating rate instruments								
Islamic financing facilities	30.2	749.0	-	-	-	-	749.0	2.95
Revolving credits	30.6	367.5	-	-	-	-	367.5	4.20
Islamic revolving credit financing facilities	30.8	243.4	-	-	-	-	243.4	5.66
		1,359.9	-	-	-	-	1,359.9	
Total liabilities repricing		1,619.0	98.0	4.6	5.8	2,108.3	3,835.7	
Net repricing gap		616.0	(97.2)	(4.6)	(1.8)	(2,100.3)	(1,587.9)	

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.2 Interest rate risk (Continued)

38.2.2 Interest rate risk exposure (Continued)

In RM million	Note	Repricing Brackets: Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total: Amount	Weighted average effective interest rate %
Group								
2022								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	27	230.9	-	-	-	-	230.9	1.97
Amount due from a joint venture	20.2	-	12.8	-	-	-	12.8	3.50
		230.9	12.8	-	-	-	243.7	
Floating rate instruments								
Short term funds	26	1,102.6	-	-	-	-	1,102.6	2.03
Cash and bank balances	35	1,219.4	-	-	-	-	1,219.4	1.47
Amount due from an associate	23	188.2	-	-	-	-	188.2	2.27
		2,510.2	-	-	-	-	2,510.2	
Total assets repricing		2,741.1	12.8	-	-	-	2,753.9	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	30.1	-	-	-	-	677.0	677.0	4.38
Notes *	30.5	-	-	-	-	1,321.1	1,321.1	3.30
Trade financing	30.7	995.7	-	-	-	-	995.7	1.86
Finance lease obligation	30	0.2	0.2	0.2	0.3	7.5	8.4	2.00
Islamic financing facilities *	30.2	66.1	66.1	66.1	-	-	198.3	1.58
Lease liabilities	31	8.9	24.6	6.7	5.6	20.0	65.8	6.13
		1,070.9	90.9	73.0	5.9	2,025.6	3,266.3	
Floating rate instruments								
Islamic financing facilities	30.2	704.5	-	-	-	-	704.5	1.03
Revolving credits	30.6	623.1	-	-	-	-	623.1	0.68
Islamic revolving credit financing facilities	30.8	470.8	-	-	-	-	470.8	0.53
		1,798.4	-	-	-	-	1,798.4	
Total liabilities repricing		2,869.3	90.9	73.0	5.9	2,025.6	5,064.7	
Net repricing gap		(128.2)	(78.1)	(73.0)	(5.9)	(2,025.6)	(2,310.8)	

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.2 Interest rate risk (Continued)

38.2.2 Interest rate risk exposure (Continued)

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Company								
2023								
Interest bearing financial assets								
Fixed rate instruments								
Deposit with a financial institution	27	**51.4**	**-**	**-**	**-**	**-**	**51.4**	***3.33***
Amount due from a joint venture	20.2	**-**	**0.8**	**-**	**4.0**	**8.0**	**12.8**	***3.50***
		51.4	**0.8**	**-**	**4.0**	**8.0**	**64.2**	
Floating rate instruments								
Cash and bank balances	35	**65.0**	**-**	**-**	**-**	**-**	**65.0**	***1.53***
Amounts due from subsidiaries	16.2	**2,387.2**	**-**	**-**	**-**	**-**	**2,387.2**	***5.63***
		2,452.2	**-**	**-**	**-**	**-**	**2,452.2**	
Total assets repricing		**2,503.6**	**0.8**	**-**	**4.0**	**8.0**	**2,516.4**	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	16.2	**180.0**	**60.0**	**-**	**-**	**855.6**	**1,095.6**	***4.81***
Islamic financing facilities *	30.2	**70.2**	**70.2**	**-**	**-**	**-**	**140.4**	***1.50***
		250.2	**130.2**	**-**	**-**	**855.6**	**1,236.0**	
Floating rate instruments								
Islamic financing facilities	30.2	**749.0**	**-**	**-**	**-**	**-**	**749.0**	***2.95***
Revolving credits	30.6	**367.5**	**-**	**-**	**-**	**-**	**367.5**	***4.20***
Islamic revolving credit financing facilities	30.8	**243.4**	**-**	**-**	**-**	**-**	**243.4**	***5.66***
Amount due to a subsidiary	16.2	**93.3**	**-**	**-**	**-**	**-**	**93.3**	***4.42***
		1,453.2	**-**	**-**	**-**	**-**	**1,453.2**	
Total liabilities repricing		**1,703.4**	**130.2**	**-**	**-**	**855.6**	**2,689.2**	
Net repricing gap		**800.2**	**(129.4)**	**-**	**4.0**	**(847.6)**	**(172.8)**	

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.2 Interest rate risk (Continued)

38.2.2 Interest rate risk exposure (Continued)

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Company								
2022								
Interest bearing financial assets								
Fixed rate instruments								
Deposit with a financial institution	27	50.1	-	-	-	-	50.1	*2.17*
Amount due from a joint venture	20.2	-	12.8	-	-	-	12.8	*3.50*
		50.1	12.8	-	-	-	62.9	
Floating rate instruments								
Cash and bank balances	35	77.3	-	-	-	-	77.3	*0.41*
Amount due from an associate	23	188.2	-	-	-	-	188.2	*2.27*
Amounts due from subsidiaries	16.2	2,779.2	-	-	-	-	2,779.2	*2.42*
		3,044.7	-	-	-	-	3,044.7	
Total assets repricing		3,094.8	12.8	-	-	-	3,107.6	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	16.2	530.0	180.0	60.0	-	804.9	1,574.9	*4.72*
Islamic financing facilities *	30.2	66.1	66.1	66.1	-	-	198.3	*1.58*
		596.1	246.1	126.1	-	804.9	1,773.2	
Floating rate instruments								
Islamic financing facilities	30.2	704.5	-	-	-	-	704.5	*1.03*
Revolving credits	30.6	623.1	-	-	-	-	623.1	*0.68*
Islamic revolving credit financing facilities	30.8	470.8	-	-	-	-	470.8	*0.53*
Amount due to a subsidiary	16.2	18.5	-	-	-	-	18.5	*3.43*
		1,816.9	-	-	-	-	1,816.9	
Total liabilities repricing		2,413.0	246.1	126.1	-	804.9	3,590.1	
Net repricing gap		681.8	(233.3)	(126.1)	-	(804.9)	(482.5)	

* Excluding transaction cost.

38. FINANCIAL INSTRUMENTS (Continued)

38.2 Interest rate risk (Continued)

38.2.2 Interest rate risk exposure (Continued)

i. The interest rate swap contracts of the Group and of the Company are as follows:

2023

Interest rate swap contract to swap notional principal amount of USD25.0 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for this interest rate swap is from December 2021 to December 2026.

2022

Interest rate swap contract to swap notional principal amount of USD25.0 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for this interest rate swap is from December 2021 to December 2026.

ii. The Treasury lock contract of the Group is as follows:

2023

Treasury lock contract used to hedge the fluctuation in benchmark U.S. Treasury Bill yield for the issuance of USD300 million 3.375% Guaranteed Notes due 2031 under a Euro Medium Term Note Programme as disclosed in Note 30.5 to the financial statements.

2022

Treasury lock contract used to hedge the fluctuation in benchmark U.S. Treasury Bill yield for the issuance of USD300 million 3.375% Guaranteed Notes due 2031 under a Euro Medium Term Note Programme as disclosed in Note 30.5 to the financial statements.

38.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments (after taking into consideration of interest rate swap) only, as the carrying amount of fixed rate financial instruments are not affected by changes in interest rates.

A 50 basis points increase or decrease in interest rates would have equally increased or decreased the profit for the Group by approximately RM6.0 million (2022 – RM5.2 million) and equally increased or decreased the profit for the Company by approximately RM6.8 million (2022 – RM7.8 million) respectively.

38.2.4 Interest rate benchmark reform ("IBOR")

As at 30 June 2023, the IBOR exposure of the Group and the Company were indexed to US Dollar LIBOR. The alternative reference rate for US Dollar LIBOR is the Secured Overnight Financing Rate ('SOFR'). The Group and the Company have finalised the process of implementing appropriate fallback clauses for all US Dollar LIBOR indexed exposures during the financial year. These clauses will automatically switch the instruments from US Dollar LIBOR to SOFR in July 2023. The Group and the Company have applied the practical expedients offered under *Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) on the financial instruments and there is no significant financial impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (Continued)

38.3 Price fluctuation risk

The Group's plantation and resource-based manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two (2) operating segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

The Group's objective on price risk management is to limit the Group's exposure to fluctuations in market prices and to achieve expected margins on revenue.

38.3.1 Risk management approach

The Group manages its price fluctuation risk by having strict policies and procedures governing forward and futures positions with dynamic limits on volume and tenure, mark-to-market losses, and on approvals. The Group's marketing and trading operations are centralised, and the long-short and mark-to-market positions are monitored daily and reported to Senior Management weekly.

The Group's commodity price risk management activities are integrated with its commodity sales and marketing activities, which is centralised at the corporate level. The operation is governed by formalised policies and procedures of which an outline is extracted below:

i. Forward sales commitment is generally not exceeding period of six (6) months, depending on product type;

ii. Volume that can be committed to forward sales is limited to a certain percentage of forecast production (generally not exceeding 70% of monthly production, depending on product type);

iii. Forward contracts can only be incepted with pre-approved counterparties. (Limits on volume and forward period are further established for each counterparty);

iv. Commodity futures can only be traded by authorised officers with established volume limits; and

v. Each portfolio (by product category and legal entity) is subject to further limits on net volume exposure, payment exposure and net mark-to-market fair value ("MTM FV") loss limit (that serves as trigger for intervention).

Trade positions are compiled daily, and mark-to-market fair value is reviewed weekly. An exposure report on the Group's total long-short position (of all physical contracts, futures contracts and uncommitted inventory) with mark-to-market fair value is produced monthly for executive oversight.

38. **FINANCIAL INSTRUMENTS (Continued)**

38.3 Price fluctuation risk (Continued)

38.3.2 Price risk exposure

Detailed in the table below is a summary of the Group's and the Company's financial instruments subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the financial year.

	Contract and Notional amount			Fair value attributed to price changes at period closing		
In RM million	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Group						
2023						
Commodity based						
Forward sales contracts	**(516.6)**	**-**	**(516.6)**	**(0.5)**	**-**	**(0.5)**
Forward purchase contracts	**281.8**	**-**	**281.8**	**8.2**	**-**	**8.2**
Commodity futures	**403.3**	**-**	**403.3**	**25.8**	**-**	**25.8**
Equity based						
Other investments	**65.8**	**91.9**	**157.7**	**67.4**	**92.5**	**159.9**
				100.9	**92.5**	**193.4**
2022						
Commodity based						
Forward sales contracts	(3,048.9)	-	(3,048.9)	298.1	-	298.1
Forward purchase contracts	1,614.7	-	1,614.7	(95.7)	-	(95.7)
Commodity futures	422.5	-	422.5	(87.0)	-	(87.0)
Equity based						
Other investments	66.0	70.2	136.2	61.0	82.9	143.9
				176.4	82.9	259.3
Company						
2023						
Equity based						
Other investments	**2.4**	**-**	**2.4**	**1.1**	**-**	**1.1**
				1.1	**-**	**1.1**
2022						
Equity based						
Other investments	2.4	-	2.4	1.9	-	1.9
				1.9	-	1.9

38.3.3 Sensitivity analysis

The Group's exposure to price volatility was derived from palm products and other investments. If the price changes by 7.5%, profit or loss for the Group and the Company would have equally increased or decreased by approximately RM24.6 million (2022 – RM65.1 million) and RM0.1 million (2022 – RM0.1 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

38. **FINANCIAL INSTRUMENTS (Continued)**

38.4 Credit risk

The Group's credit risk exposure is mainly related to external counterparty credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro Group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counterparties, credit impairment and unit level credit control performance.

Credit risk from monetary financial assets is generally low as the counterparties involved are strongly rated financial institutions or authorised exchanges. The Group does not extend any loans or financial guarantees to third parties except for its own subsidiaries and joint venture.

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counterparty and to minimise concentration of credit risk.

38.4.1 Risk management approach

Credit risk or financial loss from the failure of customers or counterparties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collateral from counterparties as a means of mitigating losses in the event of default.

The Group's credit risk varies with the different classes of counterparties as outlined below:

i. Plantation and resource-based manufacturing

Most of the upstream sales are intragroup to downstream "resource-based manufacturing". Upstream sales to external parties are mainly payment on delivery and/or secured with trade-financing documentation. Resource-based manufacturing sales are mostly to external parties with credit terms ranging from 2 to 120 days and across global markets of varying sovereign risk. The Group also engages in forward sales (and forward procurement of feedstock). Such forward contracts may have positive fair valuation giving rise to counterparty default risk.

Policies and procedures

a) Customers are assessed for credit and sovereign nation risks (where applicable) on both quantitative and qualitative elements prior to the approval of credit exposure and limits. In this regard, external credit rating services such as Moody's Investors Service or Dun & Bradstreet are used. Where customers are approved for forward physical contracts, limits on contractual forward periods and value are established. Regular reviews are made;

b) Credit risk authority is decentralised to the respective entities' credit committee – but supervised centrally at the corporate level; and

c) Credit exposure is monitored on limits and ageing, managed and reviewed periodically. Customers with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.1 Risk management approach (Continued)

i. Plantation and resource-based manufacturing (Continued)

Collateral and credit enhancement

In general, a combination of:

a) Corporate guarantee may be required for globe-wide credit facilities for multinational corporations;

b) Cash deposits/advances may be required for certain customers or orders;

c) Transactional documentation (i.e. Letter of Credit or Cash against Document) for export sales; and

d) Credit insurance coverage (up to certain established limits) for downstream Oleochemical and Specialty Fats' credit sales - leaving some credit exposure on declined coverage and those beyond approved limits.

ii. Financial institutions and exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and investment trusts managed by licensed institutions. The Group also enters into financial derivative contracts with licensed financial institutions and into commodity futures contracts with licensed exchanges for hedging purposes. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counterparties' credit risk in times of severe economic or financial crisis.

Policies and procedures

a) Funds are placed only with licensed financial institutions with credit rating of "A- and above". Similar requirement is enforced on counterparties for financial derivatives in addition to the mandatory International Swaps and Derivatives Association master agreements;

b) Funds placements are centrally monitored, and where applicable are spread out based on location needs; and

c) Commodity futures are incepted only with main licensed exchanges.

Collateral and credit enhancement

In general, a combination of:

a) National deposit insurance; and

b) Fidelity guarantee.

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counterparties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, ageing analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.2 Credit risk exposures and concentration

The Group's credit risks are mainly on financial assets relating to trade receivables, cash deposits, and securities placements, investments and amounts due from subsidiaries as summarised in the table below for both the Group and the Company level.

In RM million	Note	Maximum exposure	Collateral and credit enhancement obtained	Net exposure to credit risk	Collateral and credit enhancement obtained
Group					
Financial assets					
2023					
Cash and bank balances	35	**1,023.5**	**-**	**1,023.5**	
Deposits with financial institutions	27	**53.5**	**-**	**53.5**	
Trade and other receivables, excluded deposits and prepayments		**1,156.4**	**40.0**	**1,116.4**	Letter of credit and credit insurance
Other investments		**159.9**	**-**	**159.9**	
Short term funds	26	**1,158.0**	**-**	**1,158.0**	
Amounts due from associates	23	**34.6**	**-**	**34.6**	
Amount due from a joint venture	20.2	**12.9**	**-**	**12.9**	
Derivative assets	18	**157.9**	**-**	**157.9**	
		3,756.7	**40.0**	**3,716.7**	
2022					
Cash and bank balances	35	1,219.4	-	1,219.4	
Deposits with financial institutions	27	230.9	-	230.9	
Trade and other receivables, excluded deposits and prepayments		1,426.5	40.9	1,385.6	Letter of credit and credit insurance
Other investments		143.9	-	143.9	
Short term funds	26	1,102.6	-	1,102.6	
Amounts due from associates	23	226.9	-	226.9	
Amount due from a joint venture	20.2	12.9	-	12.9	
Derivative assets	18	653.3	-	653.3	
		5,016.4	40.9	4,975.5	

38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.2 Credit risk exposures and concentration (Continued)

In RM million	Note	Maximum exposure	Collateral and credit enhancement obtained	Net exposure to credit risk	Collateral and credit enhancement obtained
Company					
Financial assets					
2023					
Cash and bank balances	35	65.0	-	65.0	
Deposit with a financial institution	27	51.4	-	51.4	
Other investments	24	1.1	-	1.1	
Amounts due from subsidiaries		2,411.3	-	2,411.3	
Amount due from a joint venture	20.2	12.9	-	12.9	
Derivative assets	18	46.3	-	46.3	
		2,588.0	-	2,588.0	
2022					
Cash and bank balances	35	77.3	-	77.3	
Deposit with a financial institution	27	50.1	-	50.1	
Other investments	24	1.9	-	1.9	
Amounts due from subsidiaries		2,812.6	-	2,812.6	
Amount due from an associate	23	188.2	-	188.2	
Amount due from a joint venture	20.2	12.9	-	12.9	
Derivative assets	18	152.2	-	152.2	
		3,295.2	-	3,295.2	

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38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.2 Credit risk exposures and concentration (Continued)

The table below outlines the credit quality analysis of the Group's and the Company's financial assets together with the impairment (reversed)/charged for the year.

	Not past due						
In RM million	Strong	Medium	Weak	Past due	Total	Impairment (reversed)/ charged in the financial year	Impairment losses at end of financial year
Group							
2023							
Cash and bank balances	1,023.5	-	-	-	1,023.5	-	-
Deposits with financial institutions	53.5	-	-	-	53.5	-	-
Trade and other receivables, excluded deposits and prepayments	985.8	118.1	-	52.5	1,156.4	(0.7)	9.1
Other investments	159.9	-	-	-	159.9	-	-
Short term funds	1,158.0	-	-	-	1,158.0	-	-
Amounts due from associates	32.9	0.2	-	1.5	34.6	(1.5)	0.3
Amount due from a joint venture	-	-	12.9	-	12.9	-	6.1
Derivative assets	157.9	-	-	-	157.9	-	-
	3,571.5	118.3	12.9	54.0	3,756.7	(2.2)	15.5
2022							
Cash and bank balances	1,219.4	-	-	-	1,219.4	-	-
Deposits with financial institutions	230.9	-	-	-	230.9	-	-
Trade and other receivables, excluded deposits and prepayments	1,188.1	186.9	-	51.5	1,426.5	1.9	9.8
Other investments	143.9	-	-	-	143.9	-	-
Short term funds	1,102.6	-	-	-	1,102.6	-	-
Amounts due from associates	224.6	1.0	-	1.3	226.9	1.7	1.8
Amount due from a joint venture	-	-	12.9	-	12.9	4.2	6.1
Derivative assets	653.3	-	-	-	653.3	-	-
	4,762.8	187.9	12.9	52.8	5,016.4	7.8	17.7

38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.2 Credit risk exposures and concentration (Continued)

In RM million	Not past due: Strong	Not past due: Medium	Not past due: Weak	Past due	Total	Impairment charged in the financial year	Impairment losses at end of financial year
Company							
2023							
Cash and bank balances	**65.0**	**-**	**-**	**-**	**65.0**	**-**	**-**
Deposit with a financial institution	**51.4**	**-**	**-**	**-**	**51.4**	**-**	**-**
Other investments	**1.1**	**-**	**-**	**-**	**1.1**	**-**	**-**
Amounts due from subsidiaries	**2,411.3**	**-**	**-**	**-**	**2,411.3**	**0.8**	**57.9**
Amount due from a joint venture	**-**	**-**	**12.9**	**-**	**12.9**	**-**	**6.1**
Derivative assets	**46.3**	**-**	**-**	**-**	**46.3**	**-**	**-**
	2,575.1	**-**	**12.9**	**-**	**2,588.0**	**0.8**	**64.0**
2022							
Cash and bank balances	77.3	-	-	-	77.3	-	-
Deposit with a financial institution	50.1	-	-	-	50.1	-	-
Other investments	1.9	-	-	-	1.9	-	-
Amounts due from subsidiaries	2,812.6	-	-	-	2,812.6	6.6	57.1
Amount due from an associate	188.2	-	-	-	188.2	1.5	1.5
Amount due from a joint venture	-	-	12.9	-	12.9	4.2	6.1
Derivative assets	152.2	-	-	-	152.2	-	-
	3,282.3	-	12.9	-	3,295.2	12.3	64.7

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
Medium = Low to moderate risk of default
Weak = Weak financial standing, history of past due

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.2 Credit risk exposures and concentration (Continued)

Receivables class using simplified approach

Ageing analysis of the receivables class using simplified approach is as follows:

In RM million	Current	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Credit impaired	Total	Estimated fair values of collateral and credit enhancement obtained
Group									
2023									
Trade receivables									
Gross receivables	**796.5**	**126.2**	**6.6**	**-**	**-**	**0.8**	**0.1**	**930.2**	**40.0**
Impairment losses	**(7.8)**	**(1.1)**	**(0.1)**	**-**	**-**	**- ***	**(0.1)**	**(9.1)**	**-**
	788.7	**125.1**	**6.5**	**-**	**-**	**0.8**	**-**	**921.1**	**40.0**
Amounts due from associates (Trade)									
Gross receivables	**32.2**	**2.4**	**-**	**-**	**-**	**-**	**-**	**34.6**	**-**
Impairment losses	**(0.3)**	**- ***	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**-**
	31.9	**2.4**	**-**	**-**	**-**	**-**	**-**	**34.3**	**-**
2022									
Trade receivables									
Gross receivables	1,036.1	136.9	3.2	-	-	-	0.1	1,176.3	40.9
Impairment losses	(7.8)	(1.9)	- *	-	-	-	(0.1)	(9.8)	-
	1,028.3	135.0	3.2	-	-	-	-	1,166.5	40.9
Amounts due from associates (Trade)									
Gross receivables	36.3	1.5	0.9	-	-	-	-	38.7	-
Impairment losses	(0.3)	- *	- *	-	-	-	-	(0.3)	-
	36.0	1.5	0.9	-	-	-	-	38.4	-

* The expected credit loss is immaterial.

38. FINANCIAL INSTRUMENTS (Continued)

38.4 Credit risk (Continued)

38.4.2 Credit risk exposures and concentration (Continued)

Credit risk concentration by geographic location and business segment

The credit risk concentration of the Group is mainly in the "receivables" class, except for deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	Plantation		Resource-based manufacturing		Others		Total	
In RM million	Amount	%	Amount	%	Amount	%	Amount	%
Group								
2023								
Malaysia	**13.4**	**8**	**176.9**	**18**	**24.6**	**67**	**214.9**	**18**
Europe	**-**	**-**	**177.5**	**18**	**-**	**-**	**177.5**	**15**
Asia (excluding Malaysia)	**144.4**	**92**	**598.4**	**59**	**-**	**-**	**742.8**	**62**
North America	**-**	**-**	**15.3**	**1**	**-**	**-**	**15.3**	**1**
Others	**-**	**-**	**41.1**	**4**	**12.3**	**33**	**53.4**	**4**
	157.8	**100**	**1,009.2**	**100**	**36.9**	**100**	**1,203.9**	**100**
2022								
Malaysia	18.1	9	184.5	15	38.7	16	241.3	14
Europe	-	-	314.1	26	188.2	79	502.3	30
Asia (excluding Malaysia)	188.3	91	625.7	51	11.5	5	825.5	50
North America	-	-	15.1	1	-	-	15.1	1
Others	-	-	82.1	7	-	-	82.1	5
	206.4	100	1,221.5	100	238.4	100	1,666.3	100

	Company			
	2023		2022	
In RM million	Amount	%	Amount	%
Malaysia	**1,352.8**	**56**	1,904.2	63
Asia (excluding Malaysia)	**1,071.4**	**44**	921.3	31
Europe	**-**	**-**	188.2	6
	2,424.2	**100**	3,013.7	100

38 FINANCIAL INSTRUMENTS (Continued)

38.5 Liquidity and cash flow risk

Liquidity or cash flow risk arises when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost. The Group's liquidity risk includes non-financial instruments and forward contract obligations.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due and in a cost-effective manner.

38.5.1 Risk management approach

The Group leverages on IOI Corporation Berhad as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted-average-costs-of funds is managed. The parent company plays a central liquidity management role where the Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. The Group practises an arm's-length market based policy with regard to funding costs and encourages its business units to seek localised trade financing facilities where appropriate.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

The Group manages its liquidity risk with a combination of the following methods:

i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

ii. Maintain a diversified range of funding sources with adequate back-up facilities;

iii. Maintain debt financing and servicing plan; and

iv. Maintain medium to long term cash flow planning incorporating funding positions and requirements of all its subsidiaries.

As the Group's policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

i. Perform annual cash flow budgeting and medium term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit is reasonably determined. (Such aggregation allows for an overview of the Group's forecasted cash flow and liquidity position, which in turn facilitates further consolidated cash flow planning);

ii. Manage contingent liquidity commitments and exposures;

iii. Monitor liquidity ratios against internal thresholds;

iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and

v. Manage concentration and maturity profile of both financial and non-financial liabilities.

38. FINANCIAL INSTRUMENTS (Continued)

38.5 Liquidity and cash flow risk (Continued)

38.5.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

In RM million	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total
Group						
Financial liabilities						
2023						
Trade and other payables	**648.8**	**-**	**-**	**-**	**-**	**648.8**
Borrowings	**1,004.7**	**182.2**	**505.6**	**447.1**	**2,894.1**	**5,033.7**
Lease liabilities	**14.7**	**14.3**	**12.2**	**9.6**	**85.5**	**136.3**
Amounts due to associates	**4.8**	**-**	**-**	**-**	**-**	**4.8**
Derivative liabilities – net settlement	**59.1**	**-**	**-**	**-**	**-**	**59.1**
	1,732.1	**196.5**	**517.8**	**456.7**	**2,979.6**	**5,882.7**
2022						
Trade and other payables	859.0	-	-	-	-	859.0
Borrowings	2,257.1	159.7	157.8	464.6	3,138.6	6,177.8
Lease liabilities	11.8	15.6	13.6	11.6	94.4	147.0
Amounts due to associates	6.0	-	-	-	-	6.0
Derivative liabilities – net settlement	458.7	-	-	-	-	458.7
	3,592.6	175.3	171.4	476.2	3,233.0	7,648.5

38. FINANCIAL INSTRUMENTS (Continued)

38.5 Liquidity and cash flow risk (Continued)

38.5.2 Liquidity risk exposure (Continued)

In RM million	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Total
Company						
Financial liabilities						
2023						
Other payables	**117.7**	**-**	**-**	**-**	**-**	**117.7**
Borrowings	**734.5**	**92.4**	**415.9**	**357.4**	**-**	**1,600.2**
Amounts due to subsidiaries	**257.3**	**122.0**	**60.2**	**59.3**	**1,250.4**	**1,749.2**
	1,109.5	**214.4**	**476.1**	**416.7**	**1,250.4**	**3,467.1**
2022						
Other payables	103.3	-	-	-	-	103.3
Borrowings	1,177.0	75.2	73.4	380.2	332.3	2,038.1
Amounts due to subsidiaries	619.1	231.8	104.9	35.2	1,188.7	2,179.7
Derivative liabilities – net settlement	82.6	-	-	-	-	82.6
	1,982.0	307.0	178.3	415.4	1,521.0	4,403.7

i. The Group and the Company maintain a level of cash and cash equivalents and banking facilities to meet their financial liabilities and obligations maturing in the next twelve (12) months;

ii. The Group also strives to maintain a balance between long term and short term borrowings to ensure continuity of funding at a cost efficient manner to meet its financial obligations on a timely basis. In this regard, the Group had repurchased and redeemed its Guaranteed Notes due 2022 as disclosed in Note 30.4 to the financial statements and had issued Guaranteed Notes due 2031 as disclosed in Note 30.5 to the financial statements in the previous financial year, to provide an adequate liquidity buffer; and

iii. Financial liabilities contractual maturity periods exceeding twelve (12) months are within comfortable levels, and should be well covered by its annual free cash flows to be generated from its operations.

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38. FINANCIAL INSTRUMENTS (Continued)

38.6 Fair values

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Financial instruments carried at fair value			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Group				
2023				
Derivatives				
Forward foreign exchange contracts	**-**	**(42.0)**	**-**	**(42.0)**
Commodity forward contracts	**-**	**7.7**	**-**	**7.7**
Commodity futures	**25.8**	**-**	**-**	**25.8**
Cross currency swap contracts	**-**	**96.7**	**-**	**96.7**
Interest rate swap contracts	**-**	**10.6**	**-**	**10.6**
Equity based				
Other investments	**59.1**	**-**	**100.8**	**159.9**
Short term funds	**1,158.0**	**-**	**-**	**1,158.0**
	1,242.9	**73.0**	**100.8**	**1,416.7**

38. FINANCIAL INSTRUMENTS (Continued)

38.6 Fair values (Continued)

Fair value hierarchy (Continued)

	Financial instruments carried at fair value			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Group				
2022				
Derivatives				
Forward foreign exchange contracts	-	(68.8)	-	(68.8)
Commodity forward contracts	-	202.4	-	202.4
Commodity futures	(87.0)	-	-	(87.0)
Cross currency swap contracts	-	111.7	-	111.7
Interest rate swap contracts	-	7.1	-	7.1
Put option	-	-	111.8	111.8
Call option	-	-	(82.6)	(82.6)
Equity based				
Other investments	53.1	-	90.8	143.9
Short term funds	1,102.6	-	-	1,102.6
	1,068.7	252.4	120.0	1,441.1

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

	Financial instruments carried at fair value			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Company				
2023				
Derivatives				
Cross currency swap contracts	**-**	**35.7**	**-**	**35.7**
Interest rate swap contracts	**-**	**10.6**	**-**	**10.6**
Equity based				
Other investments	**1.1**	**-**	**-**	**1.1**
	1.1	**46.3**	**-**	**47.4**

38. FINANCIAL INSTRUMENTS (Continued)

38.6 Fair values (Continued)

Fair value hierarchy (Continued)

In RM million	Financial instruments carried at fair value			
	Hierarchy of the underlying variable input used in measuring fair valuation			
	Level 1	Level 2	Level 3	Total
Company				
2022				
Derivatives				
Cross currency swap contracts	-	33.3	-	33.3
Interest rate swap contracts	-	7.1	-	7.1
Put option	-	-	111.8	111.8
Call option	-	-	(82.6)	(82.6)
Equity based				
Other investments	1.9	-	-	1.9
	1.9	40.4	29.2	71.5

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

Reconciliation of fair value measurements of Level 3 financial instruments

In RM million	Group		Company	
	2023	2022	2023	2022
Financial assets/liabilities designated at fair value through profit or loss				
At beginning of financial year	**120.0**	153.4	**29.2**	133.0
Additions	**21.4**	54.5	**-**	-
Return of capital contribution from other investments	**(5.2)**	-	**-**	-
Net fair value loss recognised in profit or loss	**(40.9)**	(91.5)	**(29.2)**	(103.8)
Foreign currency translation differences	**5.5**	3.6	**-**	-
At end of financial year	**100.8**	120.0	**-**	29.2

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (Continued)

38.6 Fair values (Continued)

The carrying amounts of financial assets and financial liabilities, which are not carried at fair values, would approximate their fair values as at the end of the financial year. This is due to the relatively short term nature of the financial instruments or there is no significant difference between the historical interest rate at the point when liabilities were undertaken and the current prevailing market interest rate.

The following methods and assumptions were used to estimate the fair values of financial instruments:

i. The carrying amounts of financial assets and financial liabilities maturing within twelve (12) months approximate fair values due to the relatively short term maturity of these financial instruments.

ii. The fair values of quoted investments are their quoted market prices at the end of the financial year. The fair values of current unquoted investments are estimated based on a valuation approach by reference to discounted price to book ratio for comparable public companies of similar industry and size.

iii. The fair values of non-current unquoted equity investments are determined by reference to their last transaction prices at initial recognition. The non-current unquoted equity investments are then subsequently measured at fair value using the net asset value approach.

iv. The fair values of the Group's borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

v. The fair values of derivative financial instruments other than put and call options are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the end of the financial year arising from such contracts. They are determined by reference to the difference between the contracted rate and the forward rate as at the end of the financial year applied to a contract of similar amount and maturity profile.

vi. The fair values of put and call options were the differences between the strike prices and the underlying prices. The Group had adopted the Binomial option pricing model in deriving the fair values of the put and call options. The key assumptions in estimating the fair values included expected underlying share price of BLC, expected exercise put and call prices, risk-free interest rate, expected dividend yield and expected volatility.

In the previous financial year, if the risk-free interest rate increased or decreased by 50 basis points, profit or loss of the Group and of the Company would decrease by approximately RM4.1 million or increase by approximately RM4.1 million respectively. If the expected volatility increased or decreased by 100 basis points, profit or loss of the Group and of the Company would increase by approximately RM0.1 million and decrease by approximately RM0.1 million respectively.

vii. The fair values of short term funds are determined by reference to the quoted prices at the close of the business at the end of each reporting period.

38. FINANCIAL INSTRUMENTS (Continued)

38.7 Classification of financial instruments

The financial assets and financial liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

In RM million	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Group				
Financial assets				
2023				
Trade and other receivables, excluded deposits and prepayments	**1,147.3**	**-**	**-**	**1,147.3**
Amounts due from associates	**34.3**	**-**	**-**	**34.3**
Amount due from a joint venture	**6.8**	**-**	**-**	**6.8**
Derivative assets	**-**	**122.2**	**35.7**	**157.9**
Other investments	**-**	**159.9**	**-**	**159.9**
Short term funds	**-**	**1,158.0**	**-**	**1,158.0**
Deposits with financial institutions	**53.5**	**-**	**-**	**53.5**
Cash and bank balances	**1,023.5**	**-**	**-**	**1,023.5**
	2,265.4	**1,440.1**	**35.7**	**3,741.2**
2022				
Trade and other receivables, excluded deposits and prepayments	1,416.7	-	-	1,416.7
Amounts due from associates	225.1	-	-	225.1
Amount due from a joint venture	6.8	-	-	6.8
Derivative assets	-	620.0	33.3	653.3
Other investments	-	143.9	-	143.9
Short term funds	-	1,102.6	-	1,102.6
Deposits with financial institutions	230.9	-	-	230.9
Cash and bank balances	1,219.4	-	-	1,219.4
	3,098.9	1,866.5	33.3	4,998.7

38. FINANCIAL INSTRUMENTS (Continued)

38.7 Classification of financial instruments (Continued)

In RM million	Amortised cost	Fair value through profit or loss	Total
Group			
Financial liabilities			
2023			
Borrowings	**3,757.2**	**-**	**3,757.2**
Lease liabilities	**63.1**	**-**	**63.1**
Trade and other payables	**648.8**	**-**	**648.8**
Amounts due to associates	**4.8**	**-**	**4.8**
Derivative liabilities	**-**	**59.1**	**59.1**
	4,473.9	**59.1**	**4,533.0**
2022			
Borrowings	4,982.0	-	4,982.0
Lease liabilities	65.8	-	65.8
Trade and other payables	859.0	-	859.0
Amounts due to associates	6.0	-	6.0
Derivative liabilities	-	458.7	458.7
	5,912.8	458.7	6,371.5

38. FINANCIAL INSTRUMENTS (Continued)

38.7 Classification of financial instruments (Continued)

In RM million	Amortised cost	Fair value through profit or loss	Total
Company			
Financial assets			
2023			
Amounts due from subsidiaries	**2,353.4**	**-**	**2,353.4**
Amount due from a joint venture	**6.8**	**-**	**6.8**
Derivative assets	**-**	**46.3**	**46.3**
Other investments	**-**	**1.1**	**1.1**
Deposit with a financial institution	**51.4**	**-**	**51.4**
Cash and bank balances	**65.0**	**-**	**65.0**
	2,476.6	**47.4**	**2,524.0**
2022			
Amounts due from subsidiaries	2,755.5	-	2,755.5
Amount due from an associate	186.7	-	186.7
Amount due from a joint venture	6.8	-	6.8
Derivative assets	-	152.2	152.2
Other investments	-	1.9	1.9
Deposit with a financial institution	50.1	-	50.1
Cash and bank balances	77.3	-	77.3
	3,076.4	154.1	3,230.5
Financial liabilities			
2023			
Borrowings	**1,499.5**	**-**	**1,499.5**
Other payables	**117.7**	**-**	**117.7**
Amounts due to subsidiaries	**1,208.7**	**-**	**1,208.7**
	2,825.9	**-**	**2,825.9**
2022			
Borrowings	1,995.0	-	1,995.0
Other payables	103.3	-	103.3
Amounts due to subsidiaries	1,614.4	-	1,614.4
Derivative liabilities	-	82.6	82.6
	3,712.7	82.6	3,795.3

NOTES TO THE FINANCIAL STATEMENTS

39. COMMITMENTS

39.1 Capital commitments

In RM million	Group 2023	Group 2022
Authorised capital expenditure not provided for in the financial statements		
Additions of property, plant and equipment		
- Contracted	**307.1**	275.5
- Not contracted	**603.6**	633.0
Additions of intangible assets		
- Contracted	**-**	1.0
- Not contracted	**13.5**	8.0

39.2 Lease commitments

39.2.1 The Group as lessor

The minimum lease payments receivable under non-cancellable operating leases contracted for as at end of the financial year but not recognised as receivables are not material to the Group.

40. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

During the financial year under review, the continued conflict between Russia and Ukraine has intermittently caused disruptions in the supply chain of sunflower oil. However, these disruptions have limited impact on global vegetable oil prices.

In addition, the Russia-Ukraine war has also exacerbated the energy crisis in Europe in the first half of the financial year, which resulted in higher energy cost to the German oleochemical operations of the Group, has since moderated to lower levels. However, these events did not have material impact on the financial position and performance of the Group.

The Group will look out for catalyst for growth with our continuous effort to strive for operational and cost efficiency. The Group expects to be resilient in its financial performance for the financial year ending 30 June 2024 and expects its operating and financial performance to be satisfactory.

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The subsidiaries, associates and joint venture, incorporated and principally based in Malaysia except as otherwise stated, are as follows:

Name of Company	Effective Group Interest 2023	Effective Group Interest 2022	Principal Activities
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
IOI Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, plantation produce and investment holding
Pine Capital Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Mayvin Incorporated Sdn Bhd	**100.0%**	100.0%	Processing of palm oil and investment holding
Dynamic Plantations Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Ladang Sabah Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Morisem Palm Oil Mill Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Morisem Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Perusahaan Mekassar (M) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Syarikat Pukin Ladang Kelapa Sawit Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Pamol Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Syarimo Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Right Purpose Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and softwood timber
Ladang Asas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Laksana Kemas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Meriteam Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Palmco Plantations (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Palmco Properties Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
PR Enterprise Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Priceland Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Safima Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Terusan Baru Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
IOI Commodity Trading Sdn Bhd	**100.0%**	100.0%	Trading of palm oil commodities
IOI Palm Biotech Sdn Bhd	**100.0%**	100.0%	Commercialisation of high quality clonal ramets through tissue culturing process and its biotechnology related research and development activities

NOTES TO THE FINANCIAL STATEMENTS

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	Effective Group Interest 2022	Principal Activities
Direct Subsidiaries (Continued)			
Plantation (Continued)			
IOI Plantation Services Sdn Bhd	**100.0%**	100.0%	Provision of management services
Zonec Plus Sdn Bhd	**100.0%**	100.0%	Provision of management services
Mayvin (Sabah) Sdn Bhd	**100.0%**	100.0%	Investment holding
Lynwood Capital Resources Pte Ltd * *(Incorporated and principally based in Singapore)*	**100.0%**	100.0%	Investment holding
Oakridge Investments Pte Ltd * *(Incorporated and principally based in Singapore)*	**100.0%**	100.0%	Investment holding
Oleander Capital Resources Pte Ltd * *(Incorporated and principally based in Singapore)*	**100.0%**	100.0%	Investment holding
Cantawan Oil Palms Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Fruitful Plantations Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Future Growth Sdn Bhd *(Transfer to IOI Plantation Sdn Bhd)*	**-**	100.0%	Investment holding ^
Hill Land Sdn Bhd +	**100.0%**	100.0%	Investment holding ^
Sri Cantawan Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Unipamol Malaysia Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd	**100.0%**	100.0%	Producing and supplying palm-based renewable energy
IOI Edible Oils Sdn Bhd	**100.0%**	100.0%	Investment holding and palm oil trading and refinery
IOI Global Services Sdn Bhd	**100.0%**	100.0%	Commodities trading, international procurement of palm oil related products, provision of marketing and management services
IOI Oleochemical Industries Berhad *	**100.0%**	100.0%	Investment holding and provision of management services
IOI Loders Croklaan Procurement Company Sdn Bhd	**100.0%**	100.0%	Investment holding ^
IOI Speciality Fats Sdn Bhd	**100.0%**	100.0%	Investment holding ^
IOI Organic Oils BV ** *(Incorporated and principally based in The Netherlands)*	**100.0%**	-	Trading in oilseeds, edible oils and fats and the processing of raw materials for the edible oils and fats industry
IOI Palm Wood Sdn Bhd ^^	**80.0%**	80.0%	Processing of oil palm trunks and other bio-matter derived from plantations to produce materials used in furniture, construction and building industries ^

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	2022	Principal Activities
Direct Subsidiaries (Continued)			
Non-Segment			
IOI Management Sdn Bhd	**100.0%**	100.0%	Provision of treasury management services to its related companies
Kayangan Heights Sdn Bhd @	**100.0%**	60.0%	Property development
Rapat Jaya Sendirian Berhad	**100.0%**	100.0%	Property development, property investment and cultivation of plantation produce
Morisem Consolidated Sdn Bhd	**100.0%**	100.0%	Investment holding
IOI Investment (L) Berhad *(Incorporated and principally based in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Exchangeable Bonds
IOI Ventures (L) Berhad *(Incorporated and principally based in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Guaranteed Notes
IOI Biofuel Sdn Bhd	**100.0%**	100.0%	Investment holding ^
IOI Palm Products Sdn Bhd	**100.0%**	100.0%	Manufacturing and trading of oil palm related by-products ^
IOI Pulp & Paper Sdn Bhd	**100.0%**	100.0%	To carry on the business of manufacturers of and dealers in paper of all kinds ^
Eglinton Investments Pte Ltd # *(Incorporated and principally based in Singapore)*	**100.0%**	100.0%	Investment holding
Indirect Subsidiaries			
Plantation			
Subsidiary of Mayvin (Sabah) Sdn Bhd			
Sri Mayvin Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Subsidiaries of Pine Capital Sdn Bhd			
Sri Vagas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Ladang Tebu Batu Putih Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Luminous Aspect Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Sayang Segama Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Sri Yongdankong Sdn Bhd	**100.0%**	100.0%	Investment holding ^
Subsidiary of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	2022	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Maxgrand Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Syarikat Best Cocoa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Very Good Estate Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100.0%**	100.0%	Cultivation of softwood timber
Subsidiaries of Pamol Plantations Sdn Bhd			
IOI Organic Oils (M) Sdn Bhd	**100.0%**	-	Cultivation of organic oil palm and processing of organic palm oil
Pamol Estates (Sabah) Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm, processing of palm oil and investment holding
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
Subsidiaries of Oleander Capital Resources Pte Ltd			
PT Berkat Agro Sawitindo # *(Incorporated and principally based in the Republic of Indonesia)*	**100.0%**	100.0%	Management consulting services and investment holding
PT Sawit Nabati Agro # *(Incorporated and principally based in the Republic of Indonesia)*	**100.0%**	100.0%	Management consulting services and investment holding
Subsidiaries of PT Sawit Nabati Agro			
PT Bumi Sawit Sejahtera # *(Incorporated and principally based in the Republic of Indonesia)*	**95.0%**	95.0%	Cultivation of oil palm
PT Berkat Nabati Sejahtera # *(Incorporated and principally based in the Republic of Indonesia)*	**95.0%**	95.0%	Cultivation of oil palm
PT Kalimantan Prima Agro Mandiri # *(Incorporated and principally based in the Republic of Indonesia)*	**95.0%**	95.0%	Cultivation of oil palm
PT Sukses Karya Sawit # *(Incorporated and principally based in the Republic of Indonesia)*	**95.0%**	95.0%	Cultivation of oil palm

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	Effective Group Interest 2022	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of PT Sawit Nabati Agro (Continued)			
PT Ketapang Sawit Lestari # *(Incorporated and principally based in the Republic of Indonesia)*	**100.0%**	100.0%	Cultivation of oil palm ^
Subsidiaries of IOI Plantation Sdn Bhd			
Future Growth Sdn Bhd *(Transfer from IOI Corporation Berhad)*	**100.0%**	-	Cultivation, harvesting and marketing of coconut
IOI Copra Mill Sdn Bhd	**100.0%**	-	Processing of crude coconut oil
Unico-Desa Plantations Berhad	**100.0%**	100.0%	Cultivation of oil palm, palm oil milling, sales of crude palm oil and palm kernel and investment holding
IOI Pelita Plantation Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
Subsidiaries of Unico-Desa Plantations Berhad			
Unico Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Basic Plantation (S) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Builtec Agricultural & Development Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Gelodar Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Golden Focus Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Korop Holdings Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Zutaland Development Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Subsidiaries of Unico Plantations Sdn Bhd			
Fasgro Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Segaco Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Supercrop Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Syarikat Zuba Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Topcrop Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Tutico Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Unico Oil Mill Sdn Bhd	**100.0%**	100.0%	Processing of palm oil

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	Effective Group Interest 2022	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing			
Subsidiaries of IOI Oleochemical Industries Berhad			
IOI Acidchem Sdn Bhd *	**100.0%**	100.0%	Manufacture and sale of fatty acids, soap noodles, glycerine and other related products
IOI Derichem Sdn Bhd *	**100.0%**	100.0%	Investment holding ^
IOI Esterchem (M) Sdn Bhd *	**100.0%**	100.0%	Manufacturing and trading of fatty ester
IOI Pan-Century Edible Oils Sdn Bhd *	**100.0%**	100.0%	Refining and processing of crude palm oil
IOI Pan-Century Oleochemicals Sdn Bhd *	**100.0%**	100.0%	Manufacturing of oleochemical products and soap noodle
Palmco Oil Mill Sendirian Berhad *	**100.0%**	100.0%	Sale of crude palm kernel oil, crude palm kernel olein and renting of storage tanks
Stabilchem (M) Sdn Bhd *	**100.0%**	100.0%	Investment holding ^
Subsidiaries of IOI Acidchem Sdn Bhd			
IOI Oleo GmbH * *(Incorporated and principally based in Germany)*	**100.0%**	100.0%	Manufacture and sale of oleochemical specialty products
Acidchem (USA) Inc * *(Incorporated and principally based in United States of America)*	**100.0%**	100.0%	Trading in fatty acids and glycerine
Subsidiary of IOI Oleo GmbH			
KetoLipix Therapeutics GmbH ** *(Incorporated and principally based in Germany)*	**100.0%**	-	Development of proprietary keto-ester portfolio
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmco Jaya Sendirian Berhad *	**100.0%**	100.0%	Provision of bulk cargo warehousing facilities
Palmco International (HK) Limited * *(Incorporated and principally based in Hong Kong)*	**100.0%**	100.0%	Investment holding
Palmco Management Services Sdn Bhd *	**100.0%**	100.0%	Investment holding ^
Palmina Sendirian Berhad *	**100.0%**	100.0%	Investment holding ^
Pamol Bintang Sdn Bhd *	**100.0%**	100.0%	Investment holding ^
Performance Chemicals (M) Sdn Bhd *	**100.0%**	100.0%	Investment holding ^
Quantum Green Sdn Bhd *	**100.0%**	100.0%	Provision of management services

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41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	2022	Principal Activities
Indirect Subsidiaries (Continued)			
Non-Segment (Continued)			
Subsidiaries of Palmco International (HK) Limited			
Palmco Engineering Limited * *(Incorporated and principally based in Hong Kong)*	**100.0%**	100.0%	Investment holding ^
Acidchem (Singapore) Pte Ltd * *(Incorporated and principally based in Singapore)*	**100.0%**	100.0%	Investment holding ^
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd **/@ *(Struck off from the Registrar on 7 July 2023)*	**100.0%**	60.0%	Property maintenance services ^

Notes:

- * Not audited by BDO PLT and member firms of BDO International.
- ** Statutory audit not required as at 30 June 2023.
- \# Audited by member firms of BDO International.
- ^ The companies remained dormant during the financial year.
- \+ The company was placed under member's voluntary winding-up.
- ^^ During the financial year, IOI Palm Wood Sdn Bhd increased its number of issued and fully paid-up ordinary shares from 21,500,000 to 22,750,000 (2022 – 2,500,000 to 21,500,000) by way of issuance of 1,250,000 (2022 – 19,000,000) ordinary shares to the Company and to an individual respectively in the proportion of 80:20 at an issue price of RM1.00 each for cash. Accordingly, the individual has acquired 250,000 (2022 – 3,800,000) ordinary shares in IOI Palm Wood Sdn Bhd, at a purchase consideration of RM0.3 million (2022 – RM3.8 million).
- @ During the financial year, the Company acquired 100,000 shares, representing 40% shareholdings in Kayangan Heights Sdn Bhd ("KHSB") from a non-controlling interest for a cash consideration of RM7.1 million. Subsequently, the effective interests of the Group in both KHSB and Common Portfolio Sdn Bhd, a wholly-owned subsidiary of KHSB, had been increased from 60% to 100%.

41. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (Continued)

Name of Company	Effective Group Interest 2023	2022	Principal Activities
Associates			
Plantation			
Reka Halus Sdn Bhd	**30.0%**	30.0%	Cultivation of oil palm and processing of palm oil
Associate of Lynwood Capital Resources Pte Ltd and Oakridge Investments Pte Ltd			
Bumitama Agri Ltd *(Incorporated and principally based in Singapore)*	**32.1%**	32.1%	Investment holding
Resource-based Manufacturing			
Bunge Loders Croklaan Group BV ## *(Incorporated and principally based in The Netherlands)*	**20.0%**	30.0%	Investment holding
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing and sale of fatty alcohols, refined glycerine and olefin
Kao Plasticizer (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing and sale of plasticizer products
Peter Greven Asia Sdn Bhd	**40.0%**	40.0%	Production, marketing and distribution of metallic stearates
Malaysia Pakistan Venture Sdn Bhd	**25.0%**	25.0%	Investment holding
Joint Venture			
Resource-based Manufacturing			
Adeka Foods (Asia) Sdn Bhd	**40.0%**	40.0%	Manufacturing of margarine, shortening and fat spreads

Notes:

\## During the financial year, the Company completed the sale of 1,800 shares ("Share Sale"), which representing its 10% shareholdings in BLC to KBBV as disclosed in Note 18(v) to the financial statements. With the completion of the Share Sale, the Company's equity interest in BLC was reduced from 30% to 20%.

42. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2023 were authorised for issue by the Board of Directors on 13 September 2023.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 128 to 237 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors:

Tan Sri Peter Chin Fah Kui
Independent Non-Executive Chairman

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive

Putrajaya
13 September 2023

STATUTORY DECLARATION

I, Kong Kian Beng (CA 19179) being the officer primarily responsible for the financial management of IOI Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 128 to 237 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed)
at Puchong, Selangor Darul Ehsan) **Kong Kian Beng**
this 13 September 2023)

Before me

Ng Say Jin
Commissioner for Oaths
No. B195

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IOI CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IOI Corporation Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 128 to 237.

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 30 June 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment assessment of the carrying amounts of goodwill

Goodwill of the Group is allocated to two (2) Cash-generating Units ("CGUs") identified according to the operating segments. Management has considered that plantation and resource-based manufacturing as the operating segments of the Group, with carrying amounts of goodwill of RM126.5 million and RM209.0 million respectively as disclosed in Note 15.1 to the financial statements. There was no impairment loss on goodwill in the current financial year.

We determined this to be a key audit matter because it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amounts. These key assumptions include projected growth in future revenue and profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, taking into consideration the effects of increasing overnight policy rate ("OPR") on the discount rate and the impact on Russia-Ukraine war, where applicable.

Key Audit Matters (Continued)

(a) Impairment assessment of the carrying amounts of goodwill (Continued)

Our audit procedures included the following:

(i) compared short-term cash flow projections against recent performance, and assessed and compared the key assumptions in projections to available external industry sources of data, where applicable;

(ii) compared prior period projections to actual outcomes to assess reliability of management forecasting process;

(iii) verified projected profit margins and growth rates to support the key assumptions in projections;

(iv) verified pre-tax discount rate used by management for each CGU to the weighted average cost of capital of the Group and its relevant risk factors, taken into consideration the effects of increasing OPR on the discount rate and the impact on Russia-Ukraine war, where applicable; and

(v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

(b) Accounting for derivative financial instruments

The Group and the Company use derivative financial instruments such as forward foreign exchange contracts, commodity forward and futures contracts, cross currency swap contracts and interest rate swap contracts to hedge their risks associated with foreign currency, commodity price fluctuations and interest rates, as set out in Note 18 to the financial statements.

As at 30 June 2023, the total derivative financial instruments of the Group and of the Company that were carried at fair value comprised financial assets of RM157.9 million and RM46.3 million respectively and financial liabilities of the Group of RM59.1 million.

The determination of the fair values of the derivative financial instruments is a key audit matter because it involves significant judgements and is subject to estimation uncertainty as subjective variables need to be used in order to derive the fair values.

Our audit procedures included the following:

(i) obtained an understanding on the overall commodity trading process and treasury function of derivative financial instruments;

(ii) read and discussed with management on the analysis of the contractual terms and evaluated the accounting treatments adopted by management, including the reasons for entering into derivative financial instruments;

(iii) assessed and compared the key inputs used to determine the fair value against observable market data, where applicable; and

(iv) vouched to statements and/or confirmations from banks and other financial institutions to compare the fair values of the derivative financial instruments recorded in the accounting system, where applicable.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOI CORPORATION BERHAD (Incorporated in Malaysia)

Key Audit Matters (Continued)

(c) Impairment assessment of investment in an associate

As at 30 June 2023, the carrying amount of the Group's interest in an associate, namely Bumitama Agri Ltd ("Bumitama") was RM1,406.1 million as disclosed in Note 17.2 to the financial statements. Management has performed an impairment assessment due to the indication of impairment arising from the carrying amount of the investment exceeding the fair value of the quoted Bumitama shares of RM1,057.0 million as at 30 June 2023.

We determined this to be a key audit matter because it requires significant judgements and estimates about the key assumptions applied to value-in-use calculations using the cash flow projections from dividends derived from the Dividend Discount Model in determining the recoverable amount of the investment in Bumitama. These key assumptions include future dividend growth rate, as well as determining an appropriate pre-tax discount rate, after taking into consideration the effect of increasing interest rate in Indonesia.

Our audit procedures included the following:

(i) evaluated the reasonableness of the key assumptions used by management in the cash flow projections from dividends by assessing historical dividend yield of Bumitama and corroborated it to the other available audit evidence and findings;

(ii) verified pre-tax discount rate used by management to the weighted average cost of capital of Bumitama and its relevant risk factors, taken into consideration the effect of increasing interest rate in Indonesia; and

(iii) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

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 MFRSs, IFRSs 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 ability of the Group and of the Company 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.

GROUP OVERVIEW
KEY MESSAGES
STRATEGIC VALUE CREATION
STRATEGIC PROGRESS
PERFORMANCE REVIEW
GOVERNANCE
FINANCIAL REPORT
ADDITIONAL INFORMATION

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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 ability of the Group and of the Company 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.

(e) 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.

(f) 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IOI CORPORATION BERHAD (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 41 to the financial statements.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Tang Seng Choon
02011/12/2023 J
Chartered Accountant

Kuala Lumpur
13 September 2023

GROUP PROPERTIES

A. PLANTATION ESTATES

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2023 RM million
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,660	OP	–	1983	116.6
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,428	OP	1	1985	117.3
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,209	OP	–	1985	55.9
Detas Estate, Pekan	Leasehold expiring 2081	2,226	OP	–	1989	123.3
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	123.2
Merchong Estate, Pekan	Leasehold expiring 2075	1,953	OP	–	1990	90.3
Leepang A Estate, Rompin	Leasehold expiring 2067	2,404	OP	–	2000	98.7
Laukin A Estate, Rompin	Leasehold expiring 2067	1,620	OP	–	2000	65.6
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,562	OP	–	2002	59.9
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,640	OP	–	2002	46.1
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,300	OP	–	1990	175.0
Bahau Estate, Kuala Pilah	Freehold	2,553	OP	–	1990	186.9
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	–	1990	44.7
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,556	OP R	1	1990	187.7
Paya Lang Estate, Segamat	Freehold	2,446	OP R C	–	1990	169.1
Tambang Estate, Segamat	Freehold	2,011	OP C	–	1990	152.0
Bukit Serampang Estate, Tangkak	Freehold	2,725	OP C	–	1990	181.1
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	–	1990	103.3
Sagil Estate, Tangkak	Freehold	2,378	OP C	–	1990	202.1
Segamat Estate, Segamat	Freehold	1,340	OP	–	1990	104.7
Pamol Plantations Estate, Kluang	Freehold	8,090	OP	1	2003	600.3
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	–	1993	48.3
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	–	1993 – 2009	56.7
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	–	1993	68.1
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	–	1993	65.4
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	–	1993	50.3
Baturong 1-3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	267.7
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	–	1991	24.8
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2035, 2077 – 2097, 2963 – 2990	18,417	OP	1	1985 – 2000	509.6

A. PLANTATION ESTATES (Continued)

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2023 RM million
Sabah (Continued)						
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,094	OP	–	1995	180.8
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	–	1996	67.9
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,278	OP	1	1996	104.2
Ladang Sabah Estates, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,194	OP	1	1998 – 2003	402.1
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078 – 2080	1,452	OP	–	1998	42.2
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	–	1998	37.5
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080 – 2086	2,277	OP	–	2001	121.2
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	–	2001	183.5
Pamol Plantations, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,792	OP	–	2003 – 2007	42.1
Pamol Estates, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	397.3
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,278	OP	–	2003	149.5
Linbar 1-2 Estates, Kinabatangan	Leasehold expiring 2081	4,840	OP	–	2003	176.0
Mayvin 1-2 Estates, Labuk-Sugut	Leasehold expiring 2079 – 2081, 2090, 2092	3,423	OP	1	2003	132.7
Mayvin 5-6 Estates, Kinabatangan	Leasehold expiring 2082	3,602	OP	–	2003	100.7
Leepang 1-5 Estates, Kinabatangan	Leasehold expiring 2030 – 2039, 2078 – 2102	10,031	OP	2	2003 – 2009	228.4
Unico 1-5 Estates, Kinabatangan	Leasehold expiring 2081 – 2101	11,396	OP	1	2013	430.0
Unico 6 Estate, Lahad Datu	Leasehold expiring 2074, 2077 – 2079	2,264	OP	1	2013	76.1
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	4,960	OP	–	2002	8.4
Tegai Estate, Baram	Leasehold expiring 2067, 2095	4,038	OP	–	2002	6.0

OP Oil palm
R Rubber
C Coconut

GROUP PROPERTIES

B. INVESTMENT PROPERTY

Location	Tenure	Land Area	Net Lettable Area	Usage	Age of Building (Year)	Net Carrying Amount as at 30 June 2023 RM million
No. 7 Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Freehold	465 sq m	1,650 sq m	1 unit 3½ storey shop office	28	6.6
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,491 sq m	13,491 sq m	Bulk cargo terminal	49	0.4

C. INDUSTRIAL PROPERTIES

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2023 RM million
Country lease 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery and palm based renewable energy	26	1995	55.2
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai Penang	Leasehold expiring between 2069 – 2114	180,263 sq m	Offices and factory sites	44	2001	49.3
			Factory site	1 – 22		29.7
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2030	8,615 sq m	Bulking installation	49	2001	–
PT 110296 Jalan Pekeliling Mukim Plentong Pasir Gudang Johor Bahru Johor Darul Takzim	Leasehold expiring 2052	2.3 hectares	Factory complex and vacant industrial land	31	2007	14.5
PT 216213 Jalan Pekeliling Mukim Plentong Pasir Gudang Johor Bahru Johor Darul Takzim	Freehold	3.6 hectares	Factory complex and vacant industrial land	46	2007	2.0

C. INDUSTRIAL PROPERTIES (Continued)

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2023 RM million
Lot 51693 Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2038, 2047, 2051	8.3 hectares	Factory complex	32-45	2007	12.3
Dusun Arang-Arang Air Hitam Hulu Kecamatan Kendawangan Kabupaten Ketapang Kalimantan Barat, Indonesia	Leasehold expiring 2052	223,400 sq m	Palm oil mill	9	^	25.2
Zur Hafenspitze 15 19322 Wittenberge Germany	Freehold	60,000 sq m	Factory complex	22	2016	9.3
Arthur-Imhausen-Strasse 92 D-58453 Witten Germany	Perpetual lease	24,000 sq m	Factory complex	32	2016	35.5
PTD13060 & 13061 Mukim Pogoh, Segamat Johor	Freehold	8.2 hectares	Palm wood factory	#	2021	9.3

Notes:

^ Self constructed and completed in year 2015.

Yet to be completed.

D. OTHER PROPERTIES

Location	Tenure	Land/ Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2023 RM million
Geran 199129, Lot 40337 Mukim Petaling Selangor Darul Ehsan	Freehold	1,803 sq m	Petrol station land	–	1992	–
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq m	Bungalow plots	–	1992	2.0
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	–	1998	0.1
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	–	1993	0.1
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2058, 2914	5 hectares	Vacant land	–	1993	0.1
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	22	1993	–
Country lease 075349343, 075349352 Lot 34, Phase 7A Northern Ring Road Sandakan Sabah	Leasehold expiring 2882	417 sq m	3 storey shop/office	9	2015	1.1
HS(D) 41664 PT 1349 Mukim 01 Seberang Perai Tengah Penang	Leasehold expiring 2043	24,615 sq m	Warehouse	1	2020	23.6
302-H, Jalan Relau Desaria, 11900 Sg Ara Penang	Freehold	167 sq m	Shoplot	28	2001	0.2
Lot 8165, Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	Future development land	–	2001	0.2
Lots 429, 432 & 434 Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectare	Future development land	–	1990	1.2

SHAREHOLDERS' INFORMATION
AS AT 30 AUGUST 2023

Issued shares : 6,285,198,995 Ordinary shares
(Including 81,501,700 treasury shares)

Voting rights : One vote per shareholder on a show of hands
One vote per ordinary share on a poll

Number of shareholders : 20,302

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	Total holdings	%
1 - 99	2,325	27,282	*
100 - 1,000	4,410	3,186,745	0.05
1,001 - 10,000	9,794	38,473,376	0.62
10,001 - 100,000	2,943	81,329,074	1.31
100,001 - 310,184,863	828	2,409,203,213	38.83
310,184,864 and above	2	3,671,477,605	59.18
Total	**20,302**	**6,203,697,295**	**100.00**

* Negligible

LIST OF TOP 30 SHAREHOLDERS
(without aggregating securities from different securities accounts belonging to the same person)

Name	No. of shares held	%
1. Progressive Holdings Sdn Bhd	1,382,166,880	22.28
2. Progressive Holdings Sdn Bhd	1,017,285,200	16.40
3. Progressive Holdings Sdn Bhd	643,082,900	10.36
4. Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	628,942,625	10.14
5. AmanahRaya Trustees Berhad *Amanah Saham Bumiputera*	257,000,000	4.14
6. Kumpulan Wang Persaraan (Diperbadankan)	204,776,800	3.30
7. Annhow Holdings Sdn Bhd	115,372,300	1.86
8. AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	90,000,000	1.45
9. HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Progressive Holdings Sdn Bhd*	87,000,000	1.40
10. Lembaga Tabung Haji	62,304,500	1.00
11. AmanahRaya Trustees Berhad *Amanah Saham Malaysia 2 - Wawasan*	55,536,600	0.90
12. Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	49,156,050	0.79
13. Citigroup Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for AIA Bhd*	47,889,801	0.77

Name	No. of shares held	%
14. HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	40,647,238	0.66
15. HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	38,868,090	0.63
16. Permodalan Nasional Berhad	37,982,700	0.61
17. Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Ittikal Fund*	37,500,000	0.60
18. Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad*	36,772,213	0.59
19. Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore*	36,000,000	0.58
20. Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for PRULink Equity Fund*	33,356,301	0.54
21. AmanahRaya Trustees Berhad *Amanah Saham Malaysia 3*	25,300,400	0.41
22. Pertubuhan Keselamatan Sosial	21,964,390	0.35
23. AmanahRaya Trustees Berhad *Amanah Saham Bumiputera 3 - Didik*	21,765,400	0.35
24. Cartaban Nominees (Tempatan) Sdn Bhd *Prudential Assurance Malaysia Berhad for PRULink Strategic Fund*	21,381,600	0.34
25. Citigroup Nominees (Asing) Sdn Bhd *CB Singapore GW for Government of Singapore*	20,775,101	0.33
26. HSBC Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Credit Suisse*	19,481,750	0.31
27. Citigroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account -UBS AG Singapore for Annhow Holdings Sdn Bhd*	19,130,000	0.31
28. HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kim Heung*	19,000,000	0.31
29. Cartaban Nominees (Asing) Sdn Bhd *BNYM SA/NV for People's Bank of China*	18,018,500	0.29
30. Cartaban Nominees (Tempatan) Sdn Bhd *PBTB for Takafulink Dana Ekuiti*	17,234,100	0.28
Total	**5,105,691,439**	**82.30**

SHAREHOLDERS' INFORMATION
AS AT 30 AUGUST 2023

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

Name of substantial shareholders	No. of ordinary shares held #			
	Direct	%	Indirect *	%
Dato' Lee Yeow Chor	9,818,800	0.16	3,129,534,980	50.45
Lee Yeow Seng	-	-	3,129,534,980	50.45
Progressive Holdings Sdn Bhd ("PHSB")	3,129,534,980	50.45	-	-
Employees Provident Fund Board	679,934,173	10.96	-	-

Notes :
* Deemed interested by virtue of his interest in PHSB pursuant to Section 8 of the Companies Act 2016.
\# Based on the total number of issued voting shares (excluding 81,501,700 treasury shares).

GLOSSARY

3-monochloropropanediol (“3-MCPD”)	An organic chemical compound formed during oil/food production and preparation at high temperatures (above 200°C). These process contaminants can be minimised or eliminated entirely through changes to how oil/food is produced.
Active Pharmaceutical Ingredient (“API”)	The active components in a pharmaceutical drug that produce the required effect on the body to treat a condition.
Carbon Disclosure Project (“CDP”)	CDP is a not-for-profit charity that provides a platform for all suppliers to manage their environmental impacts.
CARE Studio	An in-house application laboratory of IOI Oleo GmbH located at Hamburg, Germany, is primary use for developing new ideas and formulations as well as providing advanced training and seminars for our customers.
Climate Change Action initiative (“CCAi”)	IOI’s Group-wide long-term action plans to mitigate and reduce greenhouse gas emissions from our diverse operations. The ultimate aim of this initiative is to achieve net zero by 2040.
Crude Palm Oil (“CPO”)	An edible oil derived from the pulp of oil palm fruits.
Dow Jones Sustainability Indices (“DJSI”)	The DJSI benchmarks the sustainability performance of leading companies based on economic, environmental, social and governance criteria.
Enterprise Resource Planning (“ERP”)	ERP system ties together a multitude of business processes within a company and enables the flow of data between them.
European Union Deforestation-free Regulation (“EUDR”)	Under the EUDR, operators (companies who first place products in the single market) will be required to implement the due diligence on their supply chains to ensure they are deforestation-free, while traders will be responsible for storing and sharing information on their supply chain to operators.
Environmental, Social and Governance (“ESG”)	ESG refers to the three key factors when measuring the sustainability and ethical impacts of an investment in a business or company.
Electronic Plantation Monitoring System (“ePMS”)	An operations management software implemented by the Group/IOI in palm oil plantations to grade fresh fruit bunches in a handheld device.
Expandable Polystyrene (“EPS”)	EPS is used in a large variety of industries as an insulation or packaging material.
European Union-Good Manufacturing Practice (“EU-GMP”)	GMP is a quality assurance which ensures that the quality of medicinal products is maintained throughout all stages of the supply chain.
Fresh Fruit Bunch (“FFB”)	Bunch harvested from the oil palm tree.
Fast-moving consumer goods (“FMCG”)	FMCG refer to products that are highly in-demand, sold quickly and affordable.
Food Safety System Certification (“FSSC”) 22000	FSSC 22000 is a robust, ISO-based, internationally recognised certification scheme for auditing and certification of food safety for organisations in the food supply chain.
Geographical Information System (“GIS”)	A computer system for capturing, storing, checking and displaying data related to positions on Earth’s surface.
Greenhouse Gas (“GHG”)	GHG are gases in Earth’s atmosphere that trap heat and act like glass walls of a greenhouse. The main GHG include carbon dioxide, methane, nitrous oxides, and water vapor that cause the global warming.
Global Reporting Initiative (“GRI”)	GRI is an international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others.

Glycidyl Esters (“GEs”)	Contaminants primarily found in refined oils, mainly formed during the deodorisation step in the refining process of edible oils.
High Conservation Value (“HCV”)	Biological, ecological, social or cultural values which are significant or critically important at the national, regional or global level.
High Carbon Stock (“HCS”) areas	Tropical forests that hold large reserves of carbon and biodiversity, which are released and lost when these forests are cleared.
International Labour Organization (“ILO”)	The United Nations agency which sets international labour standards, promotes rights at work and encourages decent employment opportunities, the enhancement of social protection and the strengthening of dialogue on work-related issues.
International Sustainability & Carbon Certification (“ISCC”)	An independent multi-stakeholder organisation providing a globally applicable certification system for the sustainability of raw materials and products.
IOI Foundation	Formerly known as Yayasan Tan Sri Lee Shin Cheng, a charity arm solely funded by IOI Group.
International Sustainability Standards Board (“ISSB”)	The ISSB is an effort to develop a superior standard for disclosures regarding sustainability in order to help investors and potential stakeholders.
Learning Management System (“LMS”)	A software tool to create, deliver, and report on employees’ training courses and programmes.
Malaysian Sustainable Palm Oil Certification (“MSPO”)	The MSPO certification scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings, and palm oil processing facilities to be certified against the requirements of the MSPO Standards.
Medium-Chain Triglycerides (“MCT”)	Lipids that can be derived from palm kernel oils for people who cannot tolerate with other types of oils which primarily contain long-chain triglycerides.
No Deforestation, No New Planting on Peat, No Social Exploitation (“NDPE”)	NDPE can be achieved by protecting HCV and HCS areas, avoiding planting on peat and protecting human rights, workers’ rights and the rights of local communities and indigenous peoples.
Near-Infrared (“NIR”) Online System	A near-infrared online system installed at IOI Oleo GmbH that enables real-time reaction monitoring within the esterification reactors which allows optimisation of reaction and analysis times.
Net Zero	A state in which the GHG entering the atmosphere are balanced by removal from the atmosphere.
Oil Extraction Rate (“OER”)	OER is the quantity of oil that the mill gets out of the fruit bunches.
Oil Palm Trunks (“OPT”)	One of the oil palm biomass wastes with high carbon content that can be commercially and sustainably converted into eco-friendly, sustainable and high-performance palm wood panels.
OnCore®	A premium-grade thermally modified palm lumber, blockboards and engineered palm wood panels that are produced by IOI Palm Wood.
Palm Kernel (“PK”)	The edible seed of the oil palm fruit that yields palm-kernel oils.
PalmGHG calculator	An online calculator created by Roundtable on Sustainable Palm Oil (“RSPO”) to enable oil palm growers to estimate and monitor their net GHG emissions as well as allow them to easily identify and address gaps in their production chain.
Palm Oil Mill Effluent (“POME”)	A wastewater generated from palm oil milling activities which requires effective treatment before discharging into watercourses.
Polyglycerol (“PG”) Esters	A class of emulsifiers widely used in pharmaceutical and cosmetic.

Precision Project	A sales and operations planning project in IOI Oleo GmbH involving an integrated planning process that is aligned with demand, supply and financial planning.
Regenerative Agriculture ("RA")	A conservation and rehabilitation approach to farming system which focuses on improving soil health and biodiversity by protecting soil from erosion and improves water infiltration, water retention and others.
Registration, Evaluation, Authorisation & Restriction of Chemicals ("REACH")	A regulation to evaluate chemical risk while protecting human health and the environment.
Robotic Process Automation ("RPA")	Known as software robotics, uses intelligent automation technologies to perform high-volume repetitive office tasks of human workers.
Science Based Target initiative ("SBTi") Forest, Land and Agriculture ("FLAG")	SBTi FLAG is a framework that provides standard guidance for companies to develop verifiable science-based emissions reduction targets in line with the latest climate science. IOI has committed to this initiative since March 2023.
Scope 1 Emissions	Covers all direct GHG emissions from owned or controlled sources.
Scope 2 Emissions	Covers indirect GHG emissions from the generation of purchased energy including electricity, steam, heating and cooling that is consumed by the reporting company.
Scope 3 Emissions	Includes all other indirect GHG emissions that occur in a company's value chain.
SOFTISAN®	IOI Oleo GmbH offers a broad range of products materials for technical applications under the brand name of SOFTISAN®. The majority of these products are manufactured from natural-based raw materials, making them biodegradable, physiologically safe, and in many cases suitable for use in the food industry.
Sustainability Advisory Panel ("SAP")	IOI's SAP was formed in January 2017 and tasked with overseeing the application of IOI Group's Sustainability Implementation Plan. The SAP also advises on sustainability issues raised by multi-stakeholders such as the non-governmental organisations and the RSPO.
Sustainability Policy Transparency Toolkit ("SPOTT")	SPOTT is a free, online platform assessing commodity producers, processors and traders on their public disclosure regarding their organisation, policies, and practices related to ESG issues.
Sustainability Consultation Forum ("SCF")	The SCF is set up by IOI with the SAP as its core members, to gather feedback and perceptions from external stakeholders on selected and complex sustainability issues, as well as bottom-up feedback from IOI's management and sustainability team.
Sustainable Palm Oil Policy ("SPOP")	IOI's SPOP is the keystone policy for the Group's commitment to sustainability practices and the implementation of a responsible global palm oil supply chain.
Task Force on Climate-Related Financial Disclosures ("TCFD") framework	A set of disclosure recommendations created by the Financial Stability Board to help companies, banks and investors in disclosing consistent climate-related financial information to their stakeholders.
Transformation Concept project	The project was commenced in March 2023 and specified the measures that IOI Oleo GmbH is implementing for the next ten years towards achieving climate neutrality.
Tricaprylin Powder	A type of glyceryl triester that is produced from glycerin and caprylic acid; to be used as an emollient in various cosmetics and personal care products.
Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC")	A charity arm of the IOI Group which was established by and named after the late founder of the Group Tan Sri (Dr) Lee Shin Cheng. Now known as IOI Foundation.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fourth Annual General Meeting ("54th AGM") of IOI Corporation Berhad (the "Company") will be convened and held physically (Physical Meeting) at Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Malaysia ("Meeting Venue") and by way of electronic means (Virtual Meeting) using Remote Participation and Electronic Voting facilities hosted at https://conveneagm.my/ioicorpagm2023 *(Domain Registration No. D6A475992)* on Friday, 27 October 2023 at 10:00 am (Malaysia time) for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2023 and the Reports of the Directors and Auditors thereon. **Note C1**

2 To re-elect the following Directors retiring pursuant to Article 97 of the Company's Constitution:

(i) Lim Tuang Ooi **Resolution 1**
(ii) Datuk Zurinah binti Pawanteh **Resolution 2**

3 To re-elect Dato' Lee Yeow Chor retiring by rotation pursuant to Article 91 of the Company's Constitution. **Resolution 3**

4 To approve the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,450,000 for the financial year ending 30 June 2024 payable quarterly in arrears after each month of completed service of the Directors during the financial year. **Resolution 4**

5 To approve the payment of Directors' benefits (other than Directors' fees) of up to RM280,000 for the period from 28 October 2023 until the next Annual General Meeting. **Resolution 5**

6 To re-appoint BDO PLT, the retiring Auditors for the financial year ending 30 June 2024 and to authorise the Directors to fix their remuneration. **Resolution 6**

7 As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

7.1 Authority to Directors to issue and allot shares under the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the "Act"), the Board of Directors (the "Board" or the "Directors") be and are hereby authorised with full powers to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issuance and allotment provided that the aggregate number of shares to be issued and allotted pursuant to this resolution does not exceed **five percent (5%)** of the total number of issued shares (excluding treasury shares) [the "New Shares"] of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so allotted (the "Mandate").

AND THAT in connection to the above, pursuant to Section 85 of the Act read together with Article 55 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered New Shares and the Company be given the approval to disapply the statutory pre-emptive rights conferred upon the shareholders of the Company and that the Directors is exempted from the obligation to offer such New Shares first to the existing issued shareholders of the Company arising from any issuance of the New Shares ranking pari passu with the existing shares, pursuant to the Mandate." **Resolution 7**

7.2 Proposed Renewal of Existing Share Buy-Back Authority

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed **ten percent (10%)** of the total number of issued shares of the Company at the time of purchase ("Proposed Purchase");

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or be dealt with by the Directors in the manners allowed by the Companies Act 2016;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 8**

7.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject always to the provisions of the Companies Act 2016 (the "Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations involving the interests of Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company and its subsidiaries ("Related Parties"), as detailed in Part B, Section 4 of the Circular to Shareholders of the Company dated 29 September 2023 ("Shareholders' Mandate") subject to the following:

(i) the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Resolution 9**

8 To transact any other business of which due notice shall have been given.

By Order of the Board,

Tan Choong Khiang
Company Secretary
(SSM PC 201908000048) (MAICSA 7018448)

Putrajaya
29 September 2023

Notes:

A. Mode of Meeting

1 The 54th AGM of the Company will be held on a hybrid basis whereby shareholders/proxies/ corporate representatives will have the option to be physically present at the Meeting Venue or to participate and vote remotely via Remote Participation and Electronic Voting ("RPEV") facilities which are available on the ConveneAGM Meeting Platform at https://conveneagm.my/ioicorpagm2023.

2 All shareholders, proxies and corporate representatives who wish to participate virtually using RPEV facilities at the 54th AGM are required to pre-register online at ConveneAGM Meeting Platform (https://conveneagm.my/ioicorpagm2023). **Please follow the procedures provided in the Administrative Guide of the 54th AGM for registration**.

Pre-registration via ConveneAGM Meeting Platform is not required for physical attendance at the 54th AGM.

3 For all of the above resolutions which are proposed as ordinary resolutions, the resolutions will be carried if more than half of the votes cast are in favour of those resolutions. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions shall be put to vote by way of a poll.

4 Only shareholders whose names appear in the Record of Depositors and Register of Members as at **19 October 2023** shall be eligible to participate and vote at the 54th AGM or appoint proxy to participate and vote on his or her behalf.

B. Appointment of Proxy

1 A shareholder may appoint any person to be his or her proxy and there shall be no restriction as to the qualification of the proxy.

2 If an instrument appointing a proxy is submitted in hard copy, it must be in writing under the hand of the appointor or of his or her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of two (2) authorised officers, one (1) of whom shall be a director, or of its attorney duly authorised in writing.

3 A shareholder of the Company [including an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account")] may appoint more than one (1) proxy, provided that the shareholder specifies the proportion of his or her shareholdings to be represented by each proxy. When two (2) or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others in respect of that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

4 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

5 The proxy form may be submitted in hard copy or by electronic means, **not less than forty-eight (48) hours** before the time for holding the 54th AGM or any adjournment thereof, as follows:

(i) **In hard copy form**

The proxy form must be deposited at the office of our Administration and Polling Agent, **KPMG Management & Risk Consulting Sdn Bhd** at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(ii) **By electronic means**

The proxy form can also be lodged electronically via the **ConveneAGM Meeting Platform** at https://conveneagm.my/ioicorpagm2023 or via email to support_conveneagm@kpmg.com.my. Please follow the procedures provided in the Administrative Guide for the 54th AGM on how to deposit the proxy form electronically.

6 Any corporation which is a shareholder can appoint one (1) or more corporate representatives who may exercise on its behalf all of its power as a shareholder in accordance with the Companies Act 2016 (the "Act").

C. Explanatory Notes to the Agenda

1. Audited Financial Statements for the financial year ended 30 June 2023

This Agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Act, the audited financial statements do not require a formal approval of the shareholders. Hence, this agenda item will not be put forward for voting.

The Chairman will extend an invitation to shareholders, allowing them the chance to pose questions and offer feedback concerning the Directors' Report, Audited Financial Statements and the Group's performance, in accordance with the mode of communication detailed in the Administrative Guide. Shareholders will also be given an opportunity to pose questions to the representative(s) of the Company's Auditors, BDO PLT ("BDO") on matters relevant to the audit of financial statements, including the Auditors' Report.

2. Ordinary Resolutions 1 to 3: Re-election of Retiring Directors

Lim Tuang Ooi and Datuk Zurinah binti Pawanteh, who retire in accordance with Article 97 of the Company's Constitution, as well as Dato' Lee Yeow Chor, who retires in accordance with Article 91 of the Company's Constitution, are eligible for re-election and hence, they have offered themselves for re-election at the 54th AGM. The re-election of Directors will be individually voted on by shareholders.

Each of the Directors standing for re-election had undergone a performance evaluation and had provided his/her annual declaration on his/her fitness and propriety to continue acting as Directors of the Company in accordance with the Fit and Proper Policy of the Group, as well as the confirmation of their independence (as the case may be).

In determining the eligibility of the Directors to stand for re-election at the 54th AGM of the Company, the Governance, Nominating and Remuneration Committee ("GNRC") had also considered the following:

(i) Evaluation on the effectiveness of the Directors in terms of character, experience, integrity, competency and time in discharging their roles as Directors of the Company; and

(ii) For Independent Non-Executive Directors ("INED" or "INEDs"), the ability to continually provide constructive challenges to management and other Directors as well as to express their own views independent of management or other fellow Directors.

These attributes and desired behaviours have been demonstrated by our INEDs as circumstances have required.

The Board of Directors (the "Board") (save for retiring Directors who had abstained from deliberations and decisions on their own re-election) had endorsed the GNRC's recommendations and agreed to propose to the shareholders of the Company for the re-election of the retiring Directors, based on the following justifications:

Retiring Director	Justification for Re-election
a) Dato' Lee Yeow Chor ("Dato' Lee")	• Based on Dato' Lee's vast experience and knowledge related to business, legal, sustainability and corporate governance, the Board views that Dato' Lee has the ability to make appropriate decisions to safeguard stakeholders' interests. • Based on the GNRC's assessment, the performance and suitability of Dato' Lee was found to be satisfactory and that Dato' Lee had demonstrated his commitment to the role and continues to be an effective and valuable member of the Board. • The Board endorsed GNRC's foregoing assessment and recognises Dato' Lee's exemplary leadership qualities, which ensure a promising and prosperous future for both the Company and the interests of the stakeholders.
b) Lim Tuang Ooi ("Mr Lim") c) Datuk Zurinah binti Pawanteh ("Datuk Zurinah")	• Mr Lim and Datuk Zurinah were recently appointed to the Board on 18 July 2023 and 1 September 2023 respectively. They have exhibited suitability in their roles as newly appointed Directors. Their commitment to their responsibilities has been evident, and they continue to contribute effectively and significantly as valuable members of the Board. • The Board endorsed the GNRC's foregoing assessment. Based on Mr Lim's and Datuk Zurinah's wealth of experience and the skills that they can bring to the Company, the Board views that their re-election would bring benefits to the Company.

The detailed profile of each retiring Director, including their career history, competencies and experience can be found on pages 79 to 83 of this Annual Report.

Tan Sri Dr Rahamat Bivi binti Yusoff, an INED of the Company who has served on the Board for more than six (6) years and who retires in accordance with Article 91 of the Company's Constitution, had notified the Board that she does not wish to seek for re-election at the 54th AGM as a Director of the Company. Hence, she shall retire as a Director of the Company at the conclusion of the 54th AGM.

Save for conflict of interest information referred to in the footnote of the Profile of Directors section of this Annual Report, there is no other information that needs to be disclosed pursuant to the Main Market Listing Requirements of Bursa Securities, nor are there other matters that need to be brought to the attention of shareholders in respect of the Directors standing for re-election at the 54th AGM.

3. Ordinary Resolutions 4 and 5: Directors' Fees and Benefits

The GNRC and the Board had reviewed the Directors' fees, taking into account fee levels and trends for similar positions in the market, as well as time commitment required from the Directors. The payment of Directors' fees (inclusive of Board Committees' fees) for the financial year ending 30 June 2024 shall be payable quarterly in arrears after each month of completed service of the Directors during the financial year.

The Directors' benefits (other than Directors' fees) comprise attendance allowances, insurance coverage and golf privilege benefit to Independent Non-Executive Directors. In determining the estimated total amount of Directors' benefits, the Board had considered various factors, such as the estimated number of meetings for the Board and its Committees, estimated proportionate paid and payable insurance premium and the estimated usage of golf facilities based on the limits provided by the Company during the relevant period.

4. Ordinary Resolution 6: Re-appointment of Auditors

The performance and effectiveness of BDO had been evaluated by the Audit and Risk Management Committee ("ARMC"), which included an assessment of BDO's independence and objectivity. The ARMC, being satisfied with the performance, suitability and independence of BDO as external auditors, had recommended to the Board that BDO be re-appointed at the 54th AGM and its remuneration be determined by the Board. The Board in turn had endorsed the ARMC's recommendation. The representatives of BDO will be participating at the 54th AGM.

5. Ordinary Resolution 7: Authority to Directors to issue and allot shares

Ordinary Resolution 7 is to seek a renewal of the general mandate which was approved at the 53rd AGM of the Company held on 31 October 2022 and will lapse at the conclusion of the 54th AGM to be held on 27 October 2023. This is also to approve the disapplication of statutory pre-emption rights under the Section 85 of the Act, to allot new shares (or to grant rights over shares) without first offering them to existing shareholders in proportion to their holdings pursuant to the general mandate.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s), acquisition(s) and for strategic reasons or such other purposes as the Directors consider would be in the best interest of the Company. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under the Ordinary Resolution 7, to issue and allot shares in the Company up to an amount not exceeding in total **five percent (5%)** of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company to be held in year 2024.

The Company did not issue any new shares pursuant to Sections 75 and 76 of the Act under the general mandate which was approved at the 53rd AGM of the Company.

6. Ordinary Resolution 8: Proposed Renewal of Existing Share Buy-Back Authority ("SBB Authority")

Ordinary Resolution 8 is to seek the renewal of the SBB Authority granted by the shareholders to the Company at the 53rd AGM of the Company held on 31 October 2022, which will lapse at the conclusion of the 54th AGM to be held on 27 October 2023. The resolution, if passed, will authorise the Company to make market purchases of its own ordinary shares as permitted by the Act.

If the SBB Authority is renewed at the 54th AGM, the Board will be allowed to purchase up to ten percent (10%) of the Company's total number of issued shares, should market conditions and price justify such purchase(s). The Board intends to make such purchase(s) under the SBB Authority if doing so could lead to an increase in the net asset value per share held by the remaining shareholders and the purchase(s) are in the best interests of the Company in general, having due regard to appropriate gearing levels, alternative investment opportunities and the overall financial position of the Company.

Any purchase of ordinary shares of the Company would be by means of market purchases through Bursa Securities. Shares purchased under the SBB Authority may either be cancelled or held as treasury shares by the Company. Such treasury shares may subsequently be cancelled, or resold for cash, or distributed as dividends or be dealt with by the Directors in the manners allowed by the Act.

As at 30 August 2023, the Company had bought back 81,501,700 ordinary shares at an average price of RM3.80 per ordinary share, all of which are currently being held as treasury shares.

Please refer to the explanatory information in the Share Buy-Back Statement dated 29 September 2023 for more details on the SBB Authority.

7. Ordinary Resolution 9: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 9 is to seek approval from the shareholders for renewal of the shareholders' mandate for RRPT granted at the 53rd AGM held on 31 October 2022. The Proposed Shareholders' Mandate will enable the Company and its subsidiaries to enter into any of the RRPT of a revenue or trading nature which are necessary for the day-to-day operations involving the interest of Directors, major shareholders or persons connected to the Directors and/or major shareholders of the Company and its subsidiaries ("Related Parties"), subject to the transactions being in the ordinary course of business, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The Proposed Shareholders' Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company to be held in year 2024.

The details of the proposal are set out in Part B of the Circular to Shareholders dated 29 September 2023.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. Details of individuals who are standing for election as Directors

Other than the re-election of retiring Directors set out in Item 2 of the Explanatory Notes to the Agenda, no individual is seeking election as a Director at the forthcoming 54th AGM.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

Details of the general mandate to allot shares in the Company pursuant to Sections 75 and 76 of the Act are set out in Item 5 of the Explanatory Notes to the Agenda.

Personal Data Privacy

By (i) submitting an instrument appointing proxy(ies) and/or representative(s) to participate and vote at the 54th AGM and/or any adjournment thereof, (ii) completing the pre-registration to attend the Virtual Meeting in accordance to this Notice, and/or (iii) submitting questions relating to resolutions to be tabled at the 54th AGM, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and representative(s) appointed for the 54th AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, and other documents relating to the 54th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing requirements, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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IOI CORPORATION BERHAD
Company Registration No. 196901000607 (9027-W)
(Incorporated in Malaysia)

IOI GROUP

PROXY FORM

I/We, ____
(full name in block letters)

NRIC/Passport/Company Registration No. ____________________ Mobile Phone No. ____________________

of ____
(full address/email address)

being member(s) of **IOI Corporation Berhad**, hereby appoint: ______________________________

Full Name (in block letters)	NRIC/Passport/Company Registration No.	Proportion of Shareholdings	
		No. of Shares	%
Mobile Phone No.	Full Address/Email Address		

and/or (delete as appropriate)

Full Name (in block letters)	NRIC/Passport/Company Registration No.	Proportion of Shareholdings	
		No. of Shares	%
Mobile Phone No.	Full Address/Email Address		

or failing him/her, the Chairman of the Fifty-Fourth Annual General Meeting ("54th AGM") as my/our proxy/proxies to vote on my/our behalf at the 54th AGM of the Company which will be convened and held physically (**Physical Meeting**) at Millennium Ballroom 1 (Level 1), Le Méridien Putrajaya, Lebuh IRC, IOI Resort City, 62502 Putrajaya, Malaysia (**Meeting Venue**) and by way of electronic means (**Virtual Meeting**) using Remote Participation and Electronic Voting facilities hosted at ConveneAGM Meeting Platform (https://conveneagm.my/ioicorpagm2023) (Domain Registration No. D6A475992) on **Friday, 27 October 2023** at **10:00 am** (**Malaysia time**) or any adjournment thereof.

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions at his/her/their discretion.)

		First Proxy "A"		Second Proxy "B"	
No.	Ordinary Resolutions	For	Against	For	Against
1.	To re-elect Lim Tuang Ooi as a Director.				
2.	To re-elect Datuk Zurinah binti Pawanteh as a Director.				
3.	To re-elect Dato' Lee Yeow Chor as a Director				
4.	To approve the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,450,000 for the financial year ending 30 June 2024 payable quarterly in arrears after each month of completed service of the Directors during the financial year.				
5.	To approve the payment of Directors' benefits (other than Directors' fees) of up to RM280,000 for the period from 28 October 2023 until the next Annual General Meeting.				
6.	To re-appoint BDO PLT, the retiring Auditors for the financial year ending 30 June 2024 and to authorise the Directors to fix their remuneration.				
7.	To authorise the Directors to issue and allot shares of up to 5% of the total issued shares.				
8.	To approve the proposed renewal of existing share buy-back authority.				
9.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.				

Dated this ____________ day of ____________ 2023

____
Signature of Shareholder/Common Seal

Number of shares held : ______________________________

CDS Account No. : ______________________________

Notes:

1. Only shareholders whose names appear in the Record of Depositors and Register of Members as at **19 October 2023** shall be eligible to participate and vote at the 54th AGM or appoint proxy to participate and vote on his or her behalf.
2. A shareholder may appoint any person to be his or her proxy and there shall be no restriction as to the qualification of the proxy.
3. If an instrument appointing a proxy is submitted in hard copy, it must be in writing under the hand of the appointor or of his or her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of two (2) authorised officers, one (1) of whom shall be a director, or of its attorney duly authorised in writing.
4. A shareholder of the Company [including an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (Omnibus Account)] may appoint more than one (1) proxy, provided that the shareholder specifies the proportion of his or her shareholdings to be represented by each proxy. When two (2) or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others in respect of that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.
5. An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
6. The proxy form may be made in hard copy or by electronic means, not less than forty-eight (48) hours before the time for holding the 54th AGM or any adjournment thereof, as follows:

   (i) In hard copy form
   The proxy form must be deposited at the office of our Administration and Polling Agent, **KPMG Management & Risk Consulting Sdn Bhd** at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   (ii) By electronic means
   The proxy form can also be lodged electronically via the **ConveneAGM Meeting Platform** at https://conveneagm.my/ioicorpagm2023 or via email to support_conveneagm@kpmg.com.my. Please follow the procedures provided in the Administrative Guide for the 54th AGM on how to deposit the proxy form electronically.
7. Any corporation which is a shareholder can appoint one (1) or more corporate representatives who may exercise on its behalf all of its power as a shareholder in accordance with the Companies Act 2016.

Personal Data Privacy
By (i) submitting an instrument appointing proxy(ies) and/or representative(s) to participate and vote at the 54th AGM and/or any adjournment thereof, (ii) completing the pre-registration to attend the Virtual Meeting in accordance to this Form, and/or (iii) submitting questions relating to resolutions to be tabled at the 54th AGM, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and representative(s) appointed for the 54th AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, and other documents relating to the 54th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing requirements, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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STAMP

THE ADMINISTRATION AND POLLING AGENT OF
IOI CORPORATION BERHAD

KPMG Management & Risk Consulting Sdn Bhd
Concourse, KPMG Tower
No. 8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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