

Financial Performance

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Proxy Form





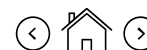
Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 (the Act) to prepare the financial statements for each financial year which have been made out in accordance with the provisions of the Act and the applicable approved accounting standards set out by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year as well as of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with and reasonable and prudent judgments and estimates have been made.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



Directors' Report

for the year ended 31 December 2022

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal Activities

The Company is principally engaged in providing day-to-day management and administrative services to its subsidiaries which are principally engaged in the sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products. The details of the subsidiaries are as stated in Note 13 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year attributable to Shareholders of the Company	262,519	264,501

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- i) fourth interim ordinary dividend of 27 sen per ordinary share totalling RM77,093,100 in respect of the financial year ended 31 December 2021 on 4 March 2022.
- ii) first interim ordinary dividend of 17 sen per ordinary share totalling RM48,540,100 in respect of the financial year ended 31 December 2022 on 24 June 2022.
- iii) second interim ordinary dividend of 25 sen per ordinary share totalling RM71,382,500 in respect of the financial year ended 31 December 2022 on 18 August 2022.
- iv) third interim ordinary dividend of 25 sen per ordinary share totalling RM71,382,500 in respect of the financial year ended 31 December 2022 on 21 November 2022.

The Directors declared a fourth interim ordinary dividend of 21 sen per ordinary share at the Board of Directors' meeting on 8 February 2023 amounting to RM59,961,300 in respect of the financial year ended 31 December 2022 which will be paid on 7 March 2023 to shareholders registered in the Company's Register of Members at the close of business on 23 February 2023. These financial statements do not reflect the fourth interim ordinary dividend which will be accounted for in the financial year ending 31 December 2023.

The Board of Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2022.

Directors' Report

for the year ended 31 December 2022

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Seri Dr. Aseh Bin Haji Che Mat (Chairman)
 Dato' Chan Choon Ngai
 Datuk Lee Oi Kuan (f)
 Eric Ooi Lip Aun
 Nedal Louay Salem
 Anthony Yong Mun Seng
 Norliza Binti Kamaruddin (f)

The name of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report are:

C.K. Remeena A/P C.K. Prabhakaran (f)
 Bryce Matthew Green
 Rohan Gnanaganesan
 Michael Tan Heng Chai (Appointed on 1 March 2022)
 Genevieve Hiew (f) (Resigned on 1 March 2022)

Directors' Interests in Shares

The interests in the ordinary shares and share options of the Company and of its related corporations of those who were Directors at the end of the financial year as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Company				
Shareholdings in the name of the Director:				
Dato' Chan Choon Ngai	1,000	-	-	1,000
Datuk Lee Oi Kuan (f)	100	-	-	100

	Number of ordinary shares in British American Tobacco p.l.c.			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Ultimate Holding Company				
- British American Tobacco p.l.c.				
Shareholdings in the name of the Director:				
Datuk Lee Oi Kuan (f)	32,848	2,175	-	35,023
Nedal Louay Salem	49,000	1,767	(1,767)	49,000
Anthony Yong Mun Seng	-	276	-	276

Ultimate Holding Company

- British American Tobacco p.l.c.

Shareholdings in the name of the Director:

Datuk Lee Oi Kuan (f)	32,848	2,175	-	35,023
Nedal Louay Salem	49,000	1,767	(1,767)	49,000
Anthony Yong Mun Seng	-	276	-	276

Directors' Interests in Shares (continued)

	Number of ordinary shares in British American Tobacco p.l.c.			
	At 1.1.2022	Awarded	Vested	At 31.12.2022
Ultimate Holding Company				
- British American Tobacco p.l.c.				
Deferred Share Bonus Scheme & International Share Reward Scheme				
Shareholdings in the name of the Director:				
Nedal Louay Salem	5,687	2,066	(1,988)	5,765
Anthony Yong Mun Seng	2,715	1,233	(510)	3,438

	Number of options in ordinary shares in British American Tobacco p.l.c.			
	At 1.1.2022	Granted	Exercised	At 31.12.2022
Ultimate Holding Company				
- British American Tobacco p.l.c.				
Long-Term Incentive Plan (LTIP)				
Shareholdings in the name of the Director:				
Nedal Louay Salem				
LTIP (28 March 2029)	2,796	-	(2,796)	-
LTIP (30 March 2030)	1,986	-	-	1,986
LTIP (29 March 2031)	1,942	-	-	1,942
LTIP (25 March 2032)	-	7,146	-	7,146
Anthony Yong Mun Seng				
LTIP (25 March 2032)	-	1,924	-	1,924

Some of the shares and options in the ultimate holding company held by Directors arose as a result of the Directors' participation in the employee share schemes offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent equity interest in the Company and is the Company's ultimate holding company). Further details on the employee share schemes offered by British American Tobacco p.l.c. are provided in Note 22 to the financial statements.

Directors' Report

for the year ended 31 December 2022

Directors' Benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000
Directors of the Company:	
Fees	775
Other emoluments	4,460
	5,235

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling 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 pursuant to requirements under the Companies Act 2016, other than as may arise from equity-settled share-based compensation plans offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. is the ultimate holding company) as disclosed in Note 22 to the financial statements.

Issue of Shares and Debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options Granted over Unissued Shares

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

Indemnity and Insurance Costs

During the financial year, Directors and Officers of the Group are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacities as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total indemnity coverage and premiums paid in respect of Directors' and Officers' Liability Insurance for the Directors and Officers of the Group were RM4,369,404 and RM11,589 respectively.

There were no indemnity and insurance costs effected for auditors of the Group and of the Company during the financial year.

Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

**Other Statutory Information (continued)**

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- iii) which have arisen render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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 and which secures the liability of any other person; or
- ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Holding Companies

The Directors regard British American Tobacco Holdings (Malaysia) B.V. (incorporated in Netherlands) as its immediate holding company and British American Tobacco p.l.c. (incorporated in England and Wales) as its ultimate holding company.

Directors' Report

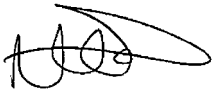
for the year ended 31 December 2022

Auditors

The auditors, KPMG PLT, have indicated their willingness to continue in office. The Directors had endorsed the recommendation of the Audit Committee for KPMG PLT to be re-appointed as auditors.

The auditors' remuneration of the Group and of the Company during the year are RM796,450 and RM646,300 respectively as disclosed in Note 4 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:



Nedal Louay Salem
Managing Director



Anthony Yong Mun Seng
Finance Director

Kuala Lumpur

Date: 20 February 2023

Statements of Profit or Loss

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	3	2,596,574	2,637,255	275,715	276,920
Cost of sales		(1,918,614)	(1,962,415)	-	-
Gross profit		677,960	674,840	275,715	276,920
Other operating income		3,931	638	709	345
Distribution and marketing costs		(159,861)	(158,024)	-	-
Administrative expenses		(96,158)	(99,048)	(3,092)	(8,642)
Other operating expenses		(18,783)	(7,211)	-	-
Profit from operations		407,089	411,195	273,332	268,623
Finance costs		(21,677)	(17,078)	(6,920)	(4,419)
Profit before tax	4	385,412	394,117	266,412	264,204
Tax expense	7	(122,893)	(109,256)	(1,911)	(2,249)
Profit for the year		262,519	284,861	264,501	261,955

The notes on pages 123 to 179 are an integral part of these financial statements.

Statements of Other Comprehensive Income

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the year		262,519	284,861	264,501	261,955
Other comprehensive income, net of tax:					
Items that may be subsequently reclassified to profit or loss					
- changes in fair value of cash flow hedges	20	648	6,370	-	-
- deferred tax on fair value changes on cash flow hedges	14	(154)	(1,529)	-	-
Total other comprehensive income for the financial year, net of tax		494	4,841	-	-
Total comprehensive income for the financial year		263,013	289,702	264,501	261,955
Profit attributable to:					
Shareholders of the Company		262,519	284,861	264,501	261,955
Total comprehensive income for the financial year attributable to:					
Shareholders of the Company		263,013	289,702	264,501	261,955
Basic earnings per ordinary share (sen)	8	91.9	99.8		

The notes on pages 123 to 179 are an integral part of these financial statements.



Statements of Financial Position

as at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	10	56,282	46,445	24,822	24,880
Computer software	11	3,027	3,271	-	-
Goodwill	12	411,618	411,618	-	-
Subsidiaries	13	-	-	723,395	723,395
Deferred tax assets	14	7,812	6,220	1,583	1,644
Total non-current assets		478,739	467,554	749,800	749,919
Inventories	15	55,975	177,641	-	-
Tax recoverable		2,171	1,540	-	38
Trade and other receivables	16	803,772	723,030	12,446	16,157
Derivative financial instruments	20	1,928	456	-	-
Cash and bank balances		16,636	21,827	6,464	18,593
Total current assets		880,482	924,494	18,910	34,788
Total assets		1,359,221	1,392,048	768,710	784,707
Equity					
Share capital		142,765	142,765	142,765	142,765
Cash flow hedge reserve		164	(330)	-	-
Retained earnings		234,207	240,087	327,605	331,503
Total equity attributable to the owners of the Company	17	377,136	382,522	470,370	474,268
Liabilities					
Lease liabilities	21	21,644	14,638	13,324	13,943
Total non-current liabilities		21,644	14,638	13,324	13,943
Trade and other payables	18	212,264	190,960	278,793	293,187
Borrowings	19	695,000	775,000	-	-
Derivative financial instruments	20	1,606	842	-	-
Lease liabilities	21	12,118	5,274	4,818	3,309
Current tax liabilities		39,453	22,812	1,405	-
Total current liabilities		960,441	994,888	285,016	296,496
Total liabilities		982,085	1,009,526	298,340	310,439
Total equity and liabilities		1,359,221	1,392,048	768,710	784,707

The notes on pages 123 to 179 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Note	← Non-distributable →			Distributable	Total RM'000
		Share capital RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Group						
At 1 January 2022		142,765	(330)	-	240,087	382,522
Profit for the year		-	-	-	262,519	262,519
Other comprehensive income/ (expense):						
- changes in fair value of cash flow hedges	20	-	648	-	-	648
- deferred tax on fair value changes on cash flow hedges	14	-	(154)	-	-	(154)
Total comprehensive income		-	494	-	262,519	263,013
Transactions with shareholders:						
Expense arising from equity-settled share-based payment transactions	22	-	-	2,286	-	2,286
Recharge of share-based payments	22	-	-	(2,286)	-	(2,286)
Dividend for financial year ended 31 December 2021						
- fourth interim	9	-	-	-	(77,093)	(77,093)
Dividends for financial year ended 31 December 2022						
- first interim	9	-	-	-	(48,540)	(48,540)
- second interim	9	-	-	-	(71,383)	(71,383)
- third interim	9	-	-	-	(71,383)	(71,383)
Total transactions with shareholders of the Company		-	-	-	(268,399)	(268,399)
At 31 December 2022		142,765	164	-	234,207	377,136



Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

(Continued)

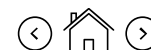
	Note	← Non-distributable →			Distributable	Total RM'000
		Share capital RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Group						
At 1 January 2021		142,765	(5,171)	-	235,045	372,639
Profit for the year		-	-	-	284,861	284,861
Other comprehensive income/ (expense):						
- changes in fair value of cash flow hedges	20	-	6,370	-	-	6,370
- deferred tax on fair value changes on cash flow hedges	14	-	(1,529)	-	-	(1,529)
Total comprehensive income		-	4,841	-	284,861	289,702
Transactions with shareholders:						
Expense arising from equity-settled share-based payment transactions	22	-	-	3,490	-	3,490
Recharge of share-based payments	22	-	-	(3,490)	-	(3,490)
Dividend for financial year ended 31 December 2020						
- fourth interim	9	-	-	-	(77,093)	(77,093)
Dividends for financial year ended 31 December 2021						
- first interim	9	-	-	-	(59,961)	(59,961)
- second interim	9	-	-	-	(68,527)	(68,527)
- third interim	9	-	-	-	(74,238)	(74,238)
Total transactions with shareholders of the Company		-	-	-	(279,819)	(279,819)
At 31 December 2021		142,765	(330)	-	240,087	382,522

The notes on pages 123 to 179 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2022

	Note	← <i>Non-distributable</i> →		<i>Distributable</i>	Total RM'000
		Share capital RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Company					
At 1 January 2022		142,765	-	331,503	474,268
Profit for the year		-	-	264,501	264,501
Total comprehensive income		-	-	264,501	264,501
Transactions with shareholders:					
Expense arising from equity-settled share-based payment transactions	22	-	1,927	-	1,927
Recharge of share-based payments	22	-	(1,927)	-	(1,927)
Dividend for financial year ended 31 December 2021					
- fourth interim	9	-	-	(77,093)	(77,093)
Dividends for financial year ended 31 December 2022					
- first interim	9	-	-	(48,540)	(48,540)
- second interim	9	-	-	(71,383)	(71,383)
- third interim	9	-	-	(71,383)	(71,383)
Total transactions with shareholders of the Company		-	-	(268,399)	(268,399)
At 31 December 2022		142,765	-	327,605	470,370



Statement of Changes in Equity

for the year ended 31 December 2022

(Continued)

	← <i>Non-distributable</i> →		<i>Distributable</i>		Total RM'000
	Note	Share capital RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Company					
At 1 January 2021		142,765	-	349,367	492,132
Profit for the year		-	-	261,955	261,955
Total comprehensive income		-	-	261,955	261,955
Transactions with shareholders:					
Expense arising from equity-settled share-based payment transactions	22	-	2,361	-	2,361
Recharge of share-based payments	22	-	(2,361)	-	(2,361)
Dividend for financial year ended 31 December 2020 - fourth interim	9	-	-	(77,093)	(77,093)
Dividends for financial year ended 31 December 2021					
- first interim	9	-	-	(59,961)	(59,961)
- second interim	9	-	-	(68,527)	(68,527)
- third interim	9	-	-	(74,238)	(74,238)
Total transactions with shareholders of the Company		-	-	(279,819)	(279,819)
At 31 December 2021		142,765	-	331,503	474,268

The notes on pages 123 to 179 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating activities					
Profit before tax		385,412	394,117	266,412	264,204
Adjustments for:					
- non-cash items		29,203	26,777	7,123	6,366
- interest income		(781)	(598)	(781)	(491)
- interest expense		21,677	17,078	6,920	4,419
Changes in working capital:					
- inventories		108,267	40,663	-	-
- trade and other receivables		(80,392)	(327,554)	3,680	(2,952)
- trade and other payables		19,244	(9,280)	(291)	607
Cash from operations		482,630	141,203	283,063	272,153
Income tax (paid)/refund		(108,629)	(106,381)	(407)	384
Net cash flow from operating activities		374,001	34,822	282,656	272,537
Investing activities					
Property, plant and equipment	10				
- additions		(10,262)	(2,364)	(1,632)	(688)
- disposals		11,279	892	-	-
Addition of computer software	11	(880)	(3,271)	-	-
Interest income received		781	598	781	491
Net cash flow from/(used in) investing activities		918	(4,145)	(851)	(197)
Financing activities					
Dividends paid to shareholders	9	(268,399)	(279,819)	(268,399)	(279,819)
Interest expense paid on borrowings		(20,677)	(16,405)	(6,353)	(3,853)
Net (repayment)/drawdown of borrowings	19	(80,000)	265,000	-	-
(Repayment to)/drawdown from subsidiary		-	-	(14,199)	17,106
Payment on lease liabilities	21	(10,034)	(5,955)	(4,416)	(3,800)
Interest paid in relation to lease liabilities		(1,000)	(673)	(567)	(566)
Net cash flow used in financing activities		(380,110)	(37,852)	(293,934)	(270,932)
Net (decrease)/increase in cash and bank balances		(5,191)	(7,175)	(12,129)	1,408
Cash and bank balances at 1 January		21,827	29,002	18,593	17,185
Cash and bank balances at 31 December		16,636	21,827	6,464	18,593

The notes on pages 123 to 179 are an integral part of these financial statements.



Notes to the Financial Statements

British American Tobacco (Malaysia) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered Office and Principal Place of Business

Level 19, Guoco Tower
Damansara City
No. 6 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in providing day-to-day management and administrative services to its subsidiaries which are principally engaged in the sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products. The details of the subsidiaries are as stated in Note 13 to the financial statements.

The Directors regard British American Tobacco Holdings (Malaysia) B.V. (incorporated in Netherlands) and British American Tobacco p.l.c. (incorporated in England and Wales), as its immediate and ultimate holding company respectively.

These financial statements were authorised for issue by the Board of Directors on 20 February 2023.

1. Basis of Preparation

(a) Statement of Compliance

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 and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

Notes to the Financial Statements

1. Basis of Preparation (continued)

(a) Statement of Compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023; and
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* and amendments to MFRS 17, *Insurance Contracts*, that are effective for annual period beginning on 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the Group and the Company.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than disclosed in Note 2.

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 10 – extension options and incremental borrowing rate in relation to lease
- Note 12 – impairment of goodwill
- Note 14 – deferred tax
- Note 18 – provision for restructuring



Notes to the Financial Statements

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group reserves.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at financial year end are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(c) Financial Instruments

(i) Recognition and Initial Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.



Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(i) Recognition and Initial Measurement (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial Instrument Categories and Subsequent Measurement

Financial Assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised Cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair Value through Other Comprehensive Income

(i) Debt Investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement (continued)

Financial Assets (continued)

(b) Fair Value through Other Comprehensive Income (continued)

(ii) Equity Investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair Value through Profit or Loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(i)(i)).

Financial Liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.



2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement (continued)

Financial Liabilities (continued)

(a) Fair Value through Profit or Loss (continued)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effect of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised Cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses is also recognised in the profit or loss.

(iii) Hedge Accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in the profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into the profit or loss in the same year during which the hedged forecast cash flows affect the profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into the profit or loss immediately.

The Group designate only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

(iii) Hedge Accounting (continued)

Cash Flow Hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect the profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(v) Offsetting

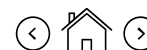
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.



Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(d) Property, Plant and Equipment (continued)

(i) Recognition and Measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other operating income” and “other operating expenses” respectively in the profit or loss.

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to the profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative years are as follows:

Buildings	35 to 40 years
Machinery and equipment	10 to 14 years
Furniture and fittings (including computer equipment and peripherals)	Various periods not exceeding 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(e) Leases

(i) Definition of a Lease Contract

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and Initial Measurement

(a) As a Lessee

The Group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The right-of-use (“ROU”) asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities’ incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.



Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(e) Leases (continued)

(ii) Recognition and Initial Measurement (continued)

(a) As a Lessee (continued)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use ("ROU") assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use ("ROU") asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent Measurement

(a) As a Lessee

The right-of-use ("ROU") asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use ("ROU") asset or the end of the lease term. The estimated useful lives of right-of-use ("ROU") assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use ("ROU") asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use ("ROU") asset, or is recorded in profit or loss if the carrying amount of the right-of-use ("ROU") asset has been reduced to zero.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(e) Leases (continued)

(ii) Subsequent Measurement (continued)

(b) As a Lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other operating income.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(i)(i)).

(f) Intangible Assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other Intangible Assets

Intangible assets, other than goodwill, that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative years are as follows:

Computer software	3 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate. The amortisation of computer software is recognised in administrative expenses.



2. Significant Accounting Policies (continued)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks, bank overdraft and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment

(i) Financial Assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost or fair value through other comprehensive income. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. 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 and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in the profit or loss and the allowance account is recognised in other comprehensive income.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(i) Impairment (continued)

(i) Financial Assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

(ii) Other Assets

The carrying amounts of other assets (except for inventories, lease receivables, non-current assets or disposal group classified as held for sale and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a *pro rata* basis.



Notes to the Financial Statements

2. Significant Accounting Policies (continued)**(i) Impairment (continued)****(ii) Other Assets (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the profit or loss in the financial year in which the reversals are recognised.

(j) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue Expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

Ordinary shares are classified as equity.

(k) Employee Benefits**(i) Short-term Employee Benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State Plans

The Group's contributions to statutory pension funds are charged to the profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based Payment Transactions

A number of employees of the Group participate in equity-settled share-based compensation plans offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns 50 percent equity interest in the Company and is the Company's ultimate holding company).

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed off over the vesting period, based on British American Tobacco p.l.c.'s estimate of awards that will eventually vest. Fair value is measured by the use of the Black-Scholes and Monte-Carlo pricing models. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, forfeiture and historical experience.

The grant by British American Tobacco p.l.c. of options over its equity instruments to the employees of the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense in the profit or loss, with a corresponding credit to equity.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(k) Employee Benefits (continued)

(iv) Termination Benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(m) Revenue and Other Income

(i) Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.



Notes to the Financial Statements

2. Significant Accounting Policies (continued)**(m) Revenue and Other Income (continued)****(ii) Dividend Income**

Dividend income is recognised in the profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest Income

Interest income is recognised as it accrues using the effective interest method in the profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Management Fee

Management fee is recognised when services are rendered.

(v) Fee for usage of Property, Plant and Equipment

Fee for usage of property, plant and equipment is recognised when services are rendered.

(n) Borrowing Costs

Borrowing costs are recognised in the profit or loss using the effective interest method.

(o) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(p) Earnings per Ordinary Share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(q) Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group operates on a single product business primarily engaged in the manufacture, importation and sale of cigarettes and other tobacco products and this forms the focus of the Group's internal reporting systems. While the Group has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operating decision maker and it is not possible to segment the Group results by brand without a high degree of estimation.

(r) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

(t) Dividends

Interim dividends are recognised as a liability in the period in which they are declared. Final dividends are recognised in the period approval of members is obtained.

3. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
Sale of cigarettes, pipe tobaccos, cigars and other tobacco products	2,596,574	2,637,255	-	-
Other revenue:				
Dividend income from unquoted subsidiaries	-	-	269,757	269,757
Management fee from subsidiaries	-	-	3,585	4,795
Fee for usage of property, plant and equipment from subsidiaries	-	-	2,373	2,368
	2,596,574	2,637,255	275,715	276,920

The Group is primarily engaged in the sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products. Revenue of the Group is recognised at a point in time when it transfers control of tobacco products to the customers. Payment terms given to customers range from 1 to 60 days from invoice date. Variable elements in consideration are those trade discounts, volume rebates, and trade incentives. The Group allows return only for exchange with new goods (i.e. no cash refunds are offered).

Notes to the Financial Statements

4. Profit Before Tax

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audit		555	606	405	387
- non-audit fees		241	246	241	246
Raw materials and consumables used		176,843	178,356	-	-
Excise duties		1,455,195	1,493,454	-	-
Staff costs	6	71,672	92,492	15,346	23,588
Property, plant and equipment:					
- depreciation	10	5,455	6,972	2,461	2,591
- depreciation of right-of-use ("ROU") assets	10	10,700	5,977	4,535	3,628
- write-off		25	1	-	1
Computer software:					
- amortisation	11	1,124	-	-	-
Net loss on impairment of financial assets at amortised cost		575	390	-	-
Expenses relating to:					
- short-term lease	a	1,425	652	-	-
Inventories written-down	15	13,399	11,638	-	-
Finance costs:					
- lease liabilities		1,000	673	567	566
- borrowings		20,677	16,405	6,353	3,853
Net foreign exchange loss		1,075	1,839	127	146
Provision for restructuring	18	18,464	9,282	-	1,828
and after crediting:					
Gain on disposal of property, plant and equipment		3,150	40	-	-
Interest income on deposits		781	598	781	491

Note a

The Group and the Company leases buildings with contract terms of less than 1 year. These leases are short-term leases and the Group and the Company have elected not to recognise right-of-use ("ROU") assets and lease liabilities for these leases.

Notes to the Financial Statements

5. Directors' Remuneration

	Group and Company	
	2022 RM'000	2021 RM'000
Fees	775	947
Other emoluments	4,460	6,306
	5,235	7,253

Included in other emoluments is the estimated monetary value of benefits in kind provided to Directors of the Group and of the Company during the financial year amounted to RM517,000 (2021: RM1,368,000) and RM517,000 (2021: RM1,368,000) respectively.

Included in other emoluments are share-based payments amounting to RM Nil (2021: RM206,000) which were made to certain Directors of the Group and of the Company (during their employment with the Group and the Company) by way of their participation in employee share schemes offered by British American Tobacco p.l.c. as disclosed in Note 22, and consultancy fees paid to a Director amounting to RM270,000 (2021: RM381,000).

Details of the movements of certain Directors' equity-settled share-based payments arrangements, covering the Deferred Share Bonus Scheme and International Share Reward Scheme are as follows, representing number of ordinary shares awarded during the tenure of the Directors' service with the Group and the Company.

	Number of ordinary shares in British American Tobacco p.l.c.				
	At 1.1.2021	Other movements*	At 31.12.2021/ 1.1.2022	Other movements*	At 31.12.2022
Executive Directors					
Deferred Share Bonus Scheme	10,402	(2,329)	8,073	817	8,890
International Share Reward Scheme	614	(285)	329	(16)	313
	11,016	(2,614)	8,402	801	9,203

Details of the movements of the Directors' participation in the equity-settled Long-Term Incentive Plan are as follows, representing number of options in ordinary shares granted during the tenure of the Directors' service with the Group and the Company.

Grant price	Number of options in ordinary shares in British American Tobacco p.l.c.				
	At 1.1.2021	Other movements*	At 31.12.2021/ 1.1.2022	Other movements*	At 31.12.2022
£38.94	4,333	(4,333)	-	-	-
£30.83	5,627	(2,831)	2,796	(2,796)	-
£26.33	10,549	(8,563)	1,986	-	1,986
£27.94	-	1,942	1,942	-	1,942
£32.18	-	-	-	9,070	9,070
	20,509	(13,785)	6,724	6,274	12,998

* Other movements relate to ordinary shares and options that would have lapsed or movement of Directors during the financial year.

Notes to the Financial Statements

6. Staff Costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and bonuses	57,777	70,337	13,876	19,064
Defined contribution plan	6,257	6,583	878	788
Other staff related expenses	7,638	15,572	592	3,736
	71,672	92,492	15,346	23,588

Included in staff costs is an amount for other emoluments as part of Directors' remuneration disclosed in Note 5 to the financial statements.

Staff costs recharged by the Company to the subsidiaries amounted to RM13,597,000 for the year ended 31 December 2022 (2021: RM21,549,000).

7. Tax Expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense				
- current year	125,501	97,395	1,850	122
- (over)/under provision in prior years	(862)	4,155	-	-
	124,639	101,550	1,850	122
Deferred tax expense/(credit)				
- reversal and origination of temporary differences	961	7,440	(125)	619
- (over)/under provision in prior years	(2,707)	266	186	1,508
	(1,746)	7,706	61	2,127
	122,893	109,256	1,911	2,249

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Reconciliation of tax expense				
Statutory tax rate	24	24	24	24
Prosperity tax*	7	-	-	-
Expenses not deductible for tax purposes	2	3	1	1
(Over)/under provision in prior years	(1)	1	-	1
Income not subject to tax	-	-	(24)	(25)
Average effective tax rate	32	28	1	1

* Prosperity tax (Cukai Makmur) of 33% is imposed on chargeable income over RM100 million for the year of assessment 2022.

Notes to the Financial Statements

8. Earnings Per Share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and number of ordinary shares outstanding, calculated as follows:

	Group	
	2022	2021
Profit for the year (RM'000)	262,519	284,861
Number of ordinary shares at 31 December ('000)	285,530	285,530
Basic earnings per ordinary share (sen)	91.9	99.8

The Group does not issue any financial instrument or other contract that may entitle its holders to ordinary shares and therefore, diluted earnings per share is not disclosed.

9. Dividends

Dividends paid or declared in respect of the financial year are as follows:

	Sen per share	Total amount RM'000
2022		
Fourth interim dividend 2021	27.0	77,093
First interim dividend 2022	17.0	48,540
Second interim dividend 2022	25.0	71,383
Third interim dividend 2022	25.0	71,383
Total amount	94.0	268,399
2021		
Fourth interim dividend 2020	27.0	77,093
First interim dividend 2021	21.0	59,961
Second interim dividend 2021	24.0	68,527
Third interim dividend 2021	26.0	74,238
Total amount	98.0	279,819

The first, second and third interim dividends are paid and accounted for in shareholders' equity as an appropriation of retained earnings in the financial year they are declared.

The Directors declared a fourth interim ordinary dividend of 21.0 sen per ordinary share at the Board of Directors' meeting on 8 February 2023 amounting to RM59,961,300 in respect of the financial year ended 31 December 2022 which will be paid on 7 March 2023 to shareholders registered in the Company's Register of Members at the close of business on 23 February 2023. These financial statements do not reflect the fourth interim ordinary dividend which will be accounted for in the financial year ending 31 December 2023.

The Board of Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2022.

Notes to the Financial Statements

10. Property, Plant and Equipment

Group	Buildings (ROU assets)* RM'000	Machinery and equipment RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000	Motor Vehicles RM'000	Motor Vehicles (ROU assets)* RM'000	Capital work-in- progress RM'000	Total RM'000
Cost								
At 1 January 2021	35,396	5,823	26,360	-	28,200	-	30	95,809
Additions	-	-	1,041	342	-	-	1,323	2,706
Disposals	-	-	-	-	(1,982)	-	-	(1,982)
Write-off	-	-	(216)	-	-	-	-	(216)
Reclassification	-	-	30	-	-	-	(30)	-
At 31 December 2021/ 1 January 2022	35,396	5,823	27,215	342	26,218	-	1,323	96,317
Additions	7,850	-	6,446	625	-	15,409	3,816	34,146
Derecognition	(377)	-	-	-	-	-	-	(377)
Disposals	-	-	(4)	-	(18,301)	-	-	(18,305)
Write-off	-	-	(5,517)	-	(70)	-	-	(5,587)
Reclassification	-	-	1,290	-	-	-	(1,290)	-
At 31 December 2022	42,869	5,823	29,430	967	7,847	15,409	3,849	106,194



Notes to the Financial Statements

10. Property, Plant and Equipment (continued)

Group	Buildings (ROU assets)* RM'000	Machinery and equipment RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000	Motor vehicles RM'000	Motor Vehicles (ROU assets)* RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2021	12,084	816	14,033	-	11,336	-	-	38,269
Charge for the year	5,948	284	3,424	29	3,264	-	-	12,949
Disposals	-	-	-	-	(1,131)	-	-	(1,131)
Write-off	-	-	(215)	-	-	-	-	(215)
At 31 December 2021/ 1 January 2022	18,032	1,100	17,242	29	13,469	-	-	49,872
Charge for the year	6,489	284	3,495	156	1,676	4,055	-	16,155
Derecognition	(377)	-	-	-	-	-	-	(377)
Disposals	-	-	(3)	-	(10,173)	-	-	(10,176)
Write-off	-	-	(5,517)	-	(45)	-	-	(5,562)
At 31 December 2022	24,144	1,384	15,217	185	4,927	4,055	-	49,912
Carrying amounts								
At 1 January 2021	23,312	5,007	12,327	-	16,864	-	30	57,540
At 31 December 2021/ 1 January 2022	17,364	4,723	9,973	313	12,749	-	1,323	46,445
At 31 December 2022	18,725	4,439	14,213	782	2,920	11,354	3,849	56,282

Notes to the Financial Statements

10. Property, Plant and Equipment (continued)

Company	Buildings (ROU assets)* RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000	Motor vehicles RM'000	Motor Vehicles (ROU assets)* RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 January 2021	26,020	18,132	-	1,763	-	30	45,945
Additions	-	655	342	-	-	33	1,030
Write-off	-	(34)	-	-	-	-	(34)
Reclassification	-	30	-	-	-	(30)	-
At 31 December 2021/1 January 2022	26,020	18,783	342	1,763	-	33	46,941
Additions	4,545	1,437	625	-	136	195	6,938
Write-off	-	(1,445)	-	-	-	-	(1,445)
At 31 December 2022	30,565	18,775	967	1,763	136	228	52,434



Notes to the Financial Statements

10. Property, Plant and Equipment (continued)

Company	Buildings (ROU assets)* RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000	Motor vehicles RM'000	Motor Vehicles (ROU assets)* RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2021	6,972	8,404	-	499	-	-	15,875
Charge for the year	3,599	2,282	29	309	-	-	6,219
Write-off	-	(33)	-	-	-	-	(33)
At 31 December 2021/1 January 2022	10,571	10,653	29	808	-	-	22,061
Charge for the year	4,334	2,151	156	310	45	-	6,996
Write-off	-	(1,445)	-	-	-	-	(1,445)
At 31 December 2022	14,905	11,359	185	1,118	45	-	27,612
Carrying amounts							
At 1 January 2021	19,048	9,728	-	1,264	-	30	30,070
At 31 December 2021/1 January 2022	15,449	8,130	313	955	-	33	24,880
At 31 December 2022	15,660	7,416	782	645	91	228	24,822

* The Group leases office building, motor vehicle, warehouse, factory and computer equipment that run for 3 to 5 years, with an option to renew the lease after that date.

Notes to the Financial Statements

10. Property, Plant and Equipment (continued)

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

11. Computer Software

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cost				
At 1 January	3,358	87	87	87
Additions	880	3,271	-	-
At 31 December	4,238	3,358	87	87
Accumulated amortisation				
At 1 January	87	87	87	87
Charge for the year	1,124	-	-	-
At 31 December	1,211	87	87	87
Carrying amounts				
At 31 December	3,027	3,271	-	-

Notes to the Financial Statements

12. Goodwill

	Group	
	2022 RM'000	2021 RM'000
Carrying amount at 31 December	411,618	411,618

Goodwill arose from the acquisition of the business of Malaysian Tobacco Company Berhad, which represents the cash-generating unit, and represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the net assets of the subsidiary companies acquired on 2 November 1999, the date of acquisition.

The carrying amount of goodwill is reviewed for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The recoverable amount has been determined based on value-in-use calculations.

The key assumptions for the recoverable amount are management's current estimates of net cash flows over a period of five years (2021: ten years) plus a terminal value based on historical growth rate, taking into account industry developments and at the pre-tax discount rate of 11.8 percent (2021: 11.1 percent).

Based on the assessment, the recoverable amount exceeded the carrying amount of the goodwill. Accordingly, no impairment loss was recognised in 2022 (2021: Nil).

Based on sensitivity tests performed by the Group, any reasonable change in the key assumptions used will not result in any significant change to the results of impairment assessment.

Notes to the Financial Statements

13. Subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Cost		
Unquoted shares in subsidiaries	725,262	725,262
Impairment losses	(1,867)	(1,867)
	723,395	723,395

The impairment loss recognised by the Company in prior years was in respect of its investment cost in Rothmans Brands Sdn. Bhd.

On 30 December 2021, Rothmans Brands Sdn. Bhd. (Incorporated in Malaysia) and Commercial Marketers and Distributors Sdn. Bhd., (Incorporated in Brunei) both wholly-owned subsidiaries of the Company had commenced members' voluntary winding-up ("Winding-Up"). The Winding-Up has no material effect on the financials and operations impact to the Group.

The subsidiaries, all of which are wholly-owned, are as follows:

Name of entity	Principal place of business/ country of incorporation	Principal activities
Commercial Marketers and Distributors Sdn. Bhd.	Malaysia	Sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products
Rothmans Brands Sdn. Bhd.	Malaysia	Dormant (The Company has been placed under members' voluntary liquidation on 30 December 2021)
Tobacco Importers and Manufacturers Sdn. Berhad	Malaysia	Manufacture and sale of cigarettes and other tobacco related products
Commercial Marketers and Distributors Sdn. Bhd. *	Negara Brunei Darussalam	Dormant (The Company has been placed under members' voluntary liquidation on 30 December 2021)

* Not audited by KPMG PLT.

Notes to the Financial Statements

14. Deferred Tax

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets					
At 1 January		6,220	15,455	1,644	3,771
Recognised in profit or loss	14(i)	1,746	(7,706)	(61)	(2,127)
Recognised in other comprehensive income	14(ii)	(154)	(1,529)	-	-
At 31 December		7,812	6,220	1,583	1,644
Represented by:					
Property, plant and equipment		(2,345)	(2,434)	(1,044)	(1,041)
Tax losses		-	466	-	466
Provisions		10,203	8,080	2,627	2,219
Cash flow hedge		(46)	108	-	-
Deferred tax assets		7,812	6,220	1,583	1,644

Notes to the Financial Statements

14. Deferred Tax (continued)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets					
Deferred tax liabilities to be recovered after more than 12 months		(2,345)	(1,968)	(1,044)	(575)
Deferred tax assets to be recovered within 12 months		10,157	8,188	2,627	2,219
At 31 December		7,812	6,220	1,583	1,644
(i) Recognised in profit or loss:					
- Credited/(Charged) in respect of deferred tax assets		1,746	(7,706)	(61)	(2,127)
Net credit/(charge) to profit or loss		1,746	(7,706)	(61)	(2,127)
(ii) Recognised in other comprehensive income:					
- Charged in respect of deferred tax assets		(154)	(1,529)	-	-
Net charge to other comprehensive income		(154)	(1,529)	-	-

In accordance with current tax legislation, the unabsorbed tax losses in the prior year will expire in YA 2028. The unabsorbed tax losses have been fully utilised as at 31 December 2022 (2021: RM1,942,000).

Notes to the Financial Statements

15. Inventories

	Group	
	2022 RM'000	2021 RM'000
Raw materials	138	233
Finished goods	55,837	177,408
	55,975	177,641
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,632,038	1,671,810
Write-down to net realisable value	13,399	11,638

16. Trade and Other Receivables

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	16.1	740,478	465,539	-	-
Allowance for impairment		(871)	(606)	-	-
Trade receivables, net		739,607	464,933	-	-
Amounts due from fellow subsidiaries*	16.2	15,633	7,742	10,228	922
Amounts due from subsidiaries	16.3	-	-	316	13,683
Other receivables, deposits and prepayments	16.4	48,532	250,355	1,902	1,552
		64,165	258,097	12,446	16,157
Total receivables		803,772	723,030	12,446	16,157

* Fellow subsidiaries through a common ultimate major shareholder, British American Tobacco p.l.c.

16.1 Trade Receivables

Credit terms of trade receivables range from 1 to 60 days (2021: 1 to 60 days).

16.2 Amounts Due From Fellow Subsidiaries

The Group's and the Company's amounts due from fellow subsidiaries are unsecured and interest free with a credit term of 30 to 60 days (2021: 30 to 60 days).

16.3 Amounts Due From Subsidiaries

The Company's amounts due from subsidiaries are unsecured and interest free with a credit term of 30 days (2021: 30 days).

Notes to the Financial Statements

16. Trade and Other Receivables (continued)

16.4 Other Receivables, Deposits and Prepayments

Included in other receivables, deposits and prepayments of the Group are prepaid excise duties of RM42,873,000 (2021: RM227,126,000).

17. Capital and Reserves

Share capital

	Group and Company			
	Number of shares 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
	Ordinary shares issued and fully paid with no par value	285,530	142,765	285,530

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

18. Trade and Other Payables

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	18.1	14,194	8,171	-	-
Trade accruals		92,281	70,419	-	-
Amounts due to subsidiaries	18.2	-	-	263,289	277,488
Amounts due to fellow subsidiaries*	18.3	39,831	39,242	1,964	2,166
Other payables and accruals		65,958	73,128	13,540	13,533
		212,264	190,960	278,793	293,187

Notes to the Financial Statements

18. Trade and Other Payables (continued)

Other payables and accruals comprise the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Accruals for employee expenses	18,769	27,146	5,724	7,518
Accruals for administrative expenses	25,522	31,755	6,377	2,638
Provision for restructuring	18,464	8,752	-	245
Other non-operating creditors	3,203	5,475	1,439	3,132
	65,958	73,128	13,540	13,533

* Fellow subsidiaries through a common ultimate major shareholder, British American Tobacco p.l.c.

The Group had undertaken measures in restructuring the organisation to be more efficient, agile and focused to enable the Group to continue operating effectively in a challenging business environment. This restructuring is aligned with our continuous efforts to improve and deliver a sustainable cost structure. The provision for restructuring is expected to be settled within 12 months. Movements of provision for restructuring are as follows:

	Group	Company
	RM'000	RM'000
Provision for restructuring		
At 1 January 2021	17,569	739
Provisions made during the year	9,282	1,828
Provisions used during the year	(18,099)	(2,322)
At 31 December 2021/1 January 2022	8,752	245
Provisions made during the year	18,464	-
Provisions used during the year	(8,752)	(245)
At 31 December 2022	18,464	-

18.1 Trade Payables

Credit terms of trade payables and suppliers of property, plant and equipment granted to the Group vary from cash term to 120 days (2021: cash term to 120 days).

18.2 Amounts Due to Subsidiaries

The Company's amounts due to subsidiaries are unsecured and subject to 3% (2021: 3%) interest per annum with a credit term of 30 days (2021: 30 days). Net changes from financing cash flows is RM14,199,000 (2021: RM17,106,000).

18.3 Amounts Due to Fellow Subsidiaries

The Group's and the Company's amounts due to fellow subsidiaries are repayable within credit terms of 30 to 60 days (2021: 30 to 60 days). These amounts are unsecured and interest free.

Notes to the Financial Statements

19. Borrowings

	Group	
	2022 RM'000	2021 RM'000
Current – unsecured		
Revolving credit	375,000	455,000
Short-term loan	320,000	320,000
	695,000	775,000

The Group's borrowings have a maturity date between one week to one month. The Group's borrowings are denominated in Ringgit Malaysia.

Reconciliation of movement of liabilities to cash flow arising from financing activities

	Net changes from financing cash flows			
	2021 RM'000	Drawdown RM'000	Repayment RM'000	2022 RM'000
Group				
Borrowings	775,000	165,000	(245,000)	695,000

	Net changes from financing cash flows			
	2020 RM'000	Drawdown RM'000	Repayment RM'000	2021 RM'000
Group				
Borrowings	510,000	404,000	(139,000)	775,000



Notes to the Financial Statements

20. Derivative Financial Instruments

Group	2022		2021	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Forward foreign exchange contract				
- cash flow hedges	1,928	1,606	456	842

The fair values of derivative financial instruments are determined based on the quoted market price of similar derivatives, as they are not traded on an active market.

During the year, a gain of RM1,946,000 (2021: loss of RM67,000) arising from forward foreign exchange contracts in relation to cash flow hedges was recognised in the profit or loss.

The Group's cash flow hedges are principally net exposure in the respective foreign currencies of future payment for finished goods and services, over a period of 6 to 18 months. The timing of expected cash flows in respect of derivatives designated as cash flow hedges is expected to be comparable to the timing of when the hedged item will affect the profit or loss, which are expected to occur at various dates over a period of 6 to 18 months (2021: 6 to 18 months).

Gains and losses recognised in other comprehensive income on forward foreign exchange contracts are recognised in the profit or loss in the period or periods during which the hedged forecast transaction affects the profit or loss. During the year, the Group recognised a loss of RM648,000 (2021: gain of RM6,370,000) in the other comprehensive income and a gain of RM6,322,000 (2021: loss of RM2,804,000) was reclassified from equity to the profit or loss.

The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

Hedging Instruments	Currency	RM'000 equivalent	Average contracted rate
Group			
2022			
Currency to be received over the next 12 months			
USD43,720,000 (net)	US Dollar	190,882	1 USD = RM4.3660
2021			
Currency to be received over the next 12 months			
USD39,777,000 (net)	US Dollar	167,892	1 USD = RM4.2208

Notes to the Financial Statements

21. Lease Liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current	12,118	5,274	4,818	3,309
Non-current	21,644	14,638	13,324	13,943
Total	33,762	19,912	18,142	17,252

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	19,912	25,525	17,252	20,710
Net changes from financing cash flows	(10,034)	(5,955)	(4,416)	(3,800)
Acquisition of new lease	23,884	342	5,306	342
At 31 December	33,762	19,912	18,142	17,252

22. Share-based Payments

The Group operates a number of share-based payment arrangements of which the three principal ones are:

LTIP - Performance Share Plan (PSP)

Since 2020, performance-related conditional awards under which shares are released automatically following a three-year vesting period (five-year period for the Executive Directors). LTIP awards granted up to 2019 are nil-cost options exercisable after three years from date of grant (five years for Executive Directors) with a contractual life of 10 years.

For awards granted in 2021, 2020 and 2019, vesting is subject to performance conditions measured over a three-year period (for all awards), based on earnings per share (40% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant) and net turnover (20% of grant). Total shareholder return combines the share price and dividend performance of the Company by reference to one comparator group.

For 2022 awards, the performance conditions are based on earnings per share (30% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant), net turnover (15% of grant) and New Categories revenue growth (15% of grant).

Participants are not entitled to dividends prior to the vesting or exercise of the awards. A cash equivalent dividend accrues through the vesting period (other than for the Executive Directors where additional shares are delivered in lieu of cash) and is paid on vesting. Both equity and cash-settled PSP awards are granted in March each year.

Restricted Share Plan (RSP)

Introduced in 2020, conditional awards under which shares are released three years from date of grant, subject to a continuous employment condition during the three-year vesting period. Participants are not entitled to dividends prior to shares vesting. A cash equivalent dividend accrues through the vesting period and is paid on vesting. Both equity and cash settled RSP awards are granted in March or September.

Notes to the Financial Statements

22. Share-based Payments (continued)

Deferred Share Bonus Scheme (DSBS)

Granted in connection with annual bonuses, conditional awards under which shares are released three years from date of grant subject to a continuous employment condition during the three-year vesting period. A cash equivalent dividend accrues through the vesting period and is paid quarterly (other than for the Executive Directors where additional shares are delivered in lieu of cash). Both equity and cash-settled DSBS awards are granted in March each year.

The Group also has a number of other arrangements which are not material for the Group and these are as follows:

International Share Reward Scheme (ISRS)

Conditional shares are granted in April each year (up to an equivalent of £3,600 in any year) subject to a three-year vesting period. Dividend equivalents accrue through the vesting period and additional shares are delivered at vesting. Awards may be equity or cash-settled.

Share-based Payment Expense

The amount recognised in the profit or loss in respect of share-based payments were as follows:

	Note	Equity-settled	
		2022 RM'000	2021 RM'000
Group			
LTIP - PSP & RSP	22.1	1,151	1,705
DSBS	22.2	1,119	1,756
Other schemes	22.3	16	29
Total recognised in profit or loss		2,286	3,490

	Note	Equity-settled	
		2022 RM'000	2021 RM'000
Company			
LTIP - PSP & RSP	22.1	1,151	1,306
DSBS	22.2	760	1,026
Other schemes	22.3	16	29
Total recognised in profit or loss		1,927	2,361

Notes to the Financial Statements

22. Share-based Payments (continued)

22.1 Long-Term Incentive Plan - PSP & RSP

Details of the movements for the equity and cash-settled LTIP scheme during the years ended 31 December 2022 and 31 December 2021, were as follows:

	Equity-settled Number of options in thousand	
	2022	2021
Group		
Outstanding at start of financial year	35	30
Granted during the period	9	16
Exercised during the period	(3)	(3)
Forfeited during the period	(9)	(8)
Outstanding at end of financial year	32	35
Exercisable at end of financial year	3	1

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £27.74 (2021: £27.74) for equity-settled options.

The outstanding shares for the year ended 31 December 2022 had a weighted average contractual life of 1.8 years (2021: 4.1 years) for the equity-settled scheme

	Equity-settled Number of options in thousand	
	2022	2021
Company		
Outstanding at start of financial year	29	26
Granted during the period	9	13
Exercised during the period	(3)	(3)
Forfeited during the period	(6)	(8)
Outstanding at end of financial year	29	28
Exercisable at end of financial year	2	1

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £31.95 (2021: £27.74) for equity-settled options.

The outstanding shares for the year ended 31 December 2022 had a weighted average contractual life of 1.42 years (2021: 3.33 years) for the equity-settled scheme.



Notes to the Financial Statements

22. Share-based Payments (continued)

22.2 Deferred Share Bonus Scheme

Details of the movements for the equity and cash-settled DSBS scheme during the years ended 31 December 2022 and 31 December 2021, were as follows:

	Equity-settled Number of options in thousand	
	2022	2021
Group		
Outstanding at start of financial year	30	32
Granted during the period	7	14
Exercised during the period	(13)	(16)
Outstanding at end of financial year	24	30
Exercisable at end of financial year	-	-

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £27.21 (2021: £27.21) for equity-settled options.

The outstanding shares for the year ended 31 December 2022 had a weighted average contractual life of 1.3 years (2021: 1.2 years) for the equity-settled scheme.

	Equity-settled Number of options in thousand	
	2022	2021
Company		
Outstanding at start of financial year	19	18
Granted during the period	5	8
Forfeited during the period	(9)	(10)
Outstanding at end of financial year	15	16
Exercisable at end of financial year	-	-

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £31.80 (2021: £27.43) for equity-settled options.

The outstanding shares for the year ended 31 December 2022 had a weighted average contractual life of 1.3 years (2021: 1.2 years) for the equity-settled scheme.

Notes to the Financial Statements

22. Share-based Payments (continued)

22.3 Other Schemes

International Share Reward Scheme

Group

The number of outstanding shares at the end of the year for the International Share Reward Scheme were 566 (2021: 790).

Company

The number of outstanding shares at the end of the year for the International Share Reward Scheme were 474 (2021: 698).

Valuation Assumptions

Assumptions used in the Black-Scholes models to determine the fair value of share options at grant date were as follows:

	2022		2021	
	LTIP	DSBS	LTIP	DSBS
Group and Company				
Expected volatility (%)	27.0	27.0	27.0	27.0
Average expected term to exercise (years)	3.0	3.0	3.5	3.0
Risk-free rate (%)	1.5	1.4	0.2	0.2
Expected dividend yield (%)	6.8	6.8	7.7	7.7
Share price at date of grant (£)	32.18	32.18	27.94	27.94
Fair value at grant date (£)	27.46 / 26.28	26.28	19.87	22.20

Market condition features were incorporated into the Monte-Carlo models for the total shareholder return elements of the LTIP - PSP, in determining fair value at grant date. Assumptions used in these models were as follows:

	2022	2021
	%	%
Group and Company		
Average share price volatility FMCG comparator group	23	22
Average correlation FMCG comparator group	31	29

Fair values determined from the Black-Scholes and Monte-Carlo models use assumptions revised at the end of each reporting period for cash-settled share-based payment arrangements.

The expected British American Tobacco p.l.c. share price volatility was determined taking account of the return index (the share price index plus the dividend reinvested) over a five-year period. The FMCG share price volatility and correlation was also determined over the same periods. The average expected term to exercise used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.



Notes to the Financial Statements

22. Share-based Payments (continued)**Valuation Assumptions (continued)**

The risk-free rate has been determined from market yield curves for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant. The expected dividend yield was determined by calculating the yield from the last two declared dividends divided by the grant share price.

In addition to these valuation assumptions, LTIP - PSP awards contain earnings per share performance conditions. As these are non-market performance conditions they are not included in the determination of fair value of share options at the grant date, however, they are used to estimate the number of awards expected to vest. This pay-out calculation is based on expectations published in analysts' forecasts.

23. Segment Reporting

The Group and the Company is domiciled in Malaysia. The revenue from external customers in Malaysia is RM2,596,574,000 (2021: RM2,637,255,000). The Group does not have any non-current assets that are located in countries other than Malaysia.

Segment analysis has not been prepared as the Group operates on a single product business primarily engaged in the manufacture, importation and sale of cigarettes and other tobacco products and this forms the focus of the Group's internal reporting systems. While the Group has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operational decision maker and it is not possible to segment the Group results by brand without a high degree of estimation.

The following are customers with revenue equal or more than 10 percent of the Group's total revenue:

	2022	2021
	RM'000	RM'000
- Customer A	2,129,361	772,751
- Customer B	316,731	683,484

Notes to the Financial Statements

24. Financial Instruments

24.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

- (a) Financial assets measured at amortised cost (FAAC); and
(b) Financial liabilities measured at amortised cost (FLAC).

	Carrying amount RM'000	FAAC / FLAC RM'000	Derivative used for hedging RM'000
2022			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	761,770	761,770	-
Cash and bank balances	16,636	16,636	-
Derivative financial assets	1,928	-	1,928
	780,334	778,406	1,928
Company			
Trade and other receivables (excluding prepayments)	12,446	12,446	-
Cash and bank balances	6,464	6,464	-
	18,910	18,910	-
Financial liabilities			
Group			
Borrowings	695,000	695,000	-
Trade and other payables (excluding provision for restructuring)	193,800	193,800	-
Derivative financial liabilities	1,606	-	1,606
	890,406	888,800	1,606
Company			
Trade and other payables	278,793	278,793	-

Notes to the Financial Statements

24. Financial Instruments (continued)

24.1 Categories of Financial Instruments (continued)

2021	Carrying amount RM'000	FAAC / FLAC RM'000	Derivative used for hedging RM'000
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	496,512	496,512	-
Cash and bank balances	21,827	21,827	-
Derivative financial assets	456	-	456
	518,795	518,339	456
Company			
Trade and other receivables (excluding prepayments)	16,157	16,157	-
Cash and bank balances	18,593	18,593	-
	34,750	34,750	-
Financial liabilities			
Group			
Borrowings	775,000	775,000	-
Trade and other payables (excluding provision for restructuring)	182,208	182,208	-
Derivative financial liabilities	842	-	842
	958,050	957,208	842
Company			
Trade and other payables (excluding provision for restructuring)	292,942	292,942	-

Notes to the Financial Statements

24. Financial Instruments (continued)

24.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Derivative used for hedging				
- recognised in profit or loss	1,946	(67)	-	-
- recognised in other comprehensive income	648	6,370	-	-
Financial assets measured at amortised cost	1,131	(226)	750	607
Financial liabilities measured at amortised cost	(22,677)	(17,810)	(6,449)	(4,116)
	(18,952)	(11,733)	(5,699)	(3,509)

24.3 Financial Risk Management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk

24.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of its receivables from customers, amounts due from fellow subsidiaries, short-term deposit and bank balances and outstanding forward exchange contracts. The Company's exposure to credit risk arises principally from amounts due from fellow subsidiaries. There are no significant changes as compared to previous years.

Trade Receivables

Risk Management Objective, Policies and Processes for Managing The Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount with clear approving authority and limits.

Approximately 94 percent (2021: 80 percent) of the Group's trade receivables are derived from its sales to two (2021: four) of its key customers. The Group closely monitors collections from these customers. At each reporting date, the Group assess whether any of the receivables are credit-impaired.

The gross carrying amounts of credit-impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subjected to enforcement activities. The Group does not foresee any credit risk arising from amounts due from fellow subsidiary companies.

There are no significant changes as compared to previous year.

Notes to the Financial Statements

24. Financial Instruments (continued)

24.4 Credit Risk (continued)

Trade Receivables (continued)

Exposure to Credit Risk, Credit Quality and Collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of these receivables are regular customers that have been transacting with the Group.

Short-term advances are only provided to subsidiaries which are wholly-owned by the Company.

Concentration of Credit Risk

The exposure of credit risk for trade receivables, net of allowance for impairment losses, as at the end of the reporting period by customers as per disclosed in Note 23.

Recognition and Measurement of Impairment Loss

The Group uses an allowance matrix to measure expected credit losses of trade receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2022 and 31 December 2021.

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2022			
Current (not past due)	671,980	(672)	671,308
Past due 1 – 30 days	68,382	(83)	68,299
Past due more than 90 days	116	(116)	-
	740,478	(871)	739,607
2021			
Current (not past due)	455,397	(460)	454,937
Past due 1 – 30 days	9,107	(7)	9,100
Past due 31 – 60 days	134	-	134
Past due 61 – 90 days	24	-	24
Past due more than 90 days	877	(139)	738
	465,539	(606)	464,933

Notes to the Financial Statements

24. Financial Instruments (continued)

24.4 Credit Risk (continued)

Trade Receivables (continued)

Movements in the Allowance for Impairment in Respect of Trade Receivables

The movements in the allowance for impairment in respect of trade receivables during the year are as follows:

Group	RM'000
Balance at 1 January 2021	216
Net remeasurement of loss allowance	390
Balance at 31 December 2021/ 1 January 2022	606
Net remeasurement of loss allowance	575
Amounts written off	(310)
Balance at 31 December 2022	871

Amounts Due from Fellow Subsidiaries

The ageing of amounts due from fellow subsidiaries as at the end of the financial year ended was:

	2022 RM'000	2021 RM'000
Group		
Not past due	15,633	7,742
Company		
Not past due	10,228	992

Generally, the Group and Company consider amounts due from fellow subsidiaries as low credit risk. The Group and Company determines the probability of default for these amounts due from fellow subsidiaries individually using internal information. For the financial year ended 31 December 2022, there was no evidence that the amounts due from fellow subsidiaries are not recoverable.



Notes to the Financial Statements

24. Financial Instruments (continued)**24.4 Credit Risk (continued)****Cash and Bank Balances**

The cash and bank balances are held with banks and financial institutions. For the financial year ended 31 December 2022, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other Receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

24.5 Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

The Group utilises cash pooling and zero balancing bank account structures in addition to borrowings to ensure that there is maximum mobilisation of cash within the Group. The key objective of treasury management in respect of cash and bank balances is to concentrate cash at the centre for better cash management.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

24. Financial Instruments (continued)

24.5 Liquidity and Cash Flow Risk (continued)

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

2022	Carrying amount RM'000	Contractual interest rate/ incremental borrowing rate	Estimated contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Borrowings	695,000	3 - 4%	697,162	697,162	-	-	-
Lease liabilities	33,762	3 - 4%	35,316	12,960	12,144	7,410	2,802
Trade and other payables	193,800	-	193,800	193,800	-	-	-
	922,562		926,278	903,922	12,144	7,410	2,802
Derivative financial liabilities							
Derivative financial instruments							
- Outflow	1,606	-	1,606	1,606	-	-	-
	924,168		927,884	905,528	12,144	7,410	2,802
Company							
Non-derivative financial liabilities							
Lease liabilities	18,142	3 - 4%	19,140	5,291	5,422	5,355	3,072
Trade and other payables	15,504	-	15,504	15,504	-	-	-
Amounts due to subsidiaries	263,289	3%	263,947	263,947	-	-	-
	296,935		298,591	284,742	5,422	5,355	3,072

Notes to the Financial Statements

24. Financial Instruments (continued)

24.5 Liquidity and Cash Flow Risk (continued)

2021	Carrying amount RM'000	Contractual interest rate/ incremental borrowing rate	Estimated contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Borrowings	775,000	2 - 3%	776,550	776,550	-	-	-
Lease liabilities	19,912	3 - 4%	21,212	5,786	4,532	10,894	-
Trade and other payables	182,208	-	182,208	182,208	-	-	-
	977,120		979,970	964,544	4,532	10,894	-
Derivative financial liabilities							
Derivative financial instruments							
- Outflow	842	-	842	842	-	-	-
	977,962		980,812	965,386	4,532	10,894	-
Company							
Non-derivative financial liabilities							
Lease liabilities	17,252	3 - 4%	18,467	3,778	4,274	10,415	-
Trade and other payables	15,454	-	15,454	15,454	-	-	-
Amounts due to subsidiaries	277,488	3%	278,182	278,182	-	-	-
	310,194		312,103	297,414	4,274	10,415	-

Notes to the Financial Statements

24. Financial Instruments (continued)

24.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

24.6.1 Currency Risk

The Group is subject to currency exchange risk as a result of its purchases of finished goods and services in foreign currencies. The currencies giving rise to this risk are US Dollar ("USD"), Great Britain Pound ("GBP") and Euro ("EUR"). The currency profile of the assets and liabilities of the Group are disclosed in the respective notes to the financial statements.

The objective of the Group's foreign exchange policies is to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group enters into forward foreign exchange contracts to hedge up to 95 percent of its exposure on foreign currency payables and on cash flows to be used in anticipated transactions denominated in foreign currencies for the subsequent eighteen months. The Group's hedging period of eighteen months is in line with the hedging period that was allowed under the Foreign Exchange Control guidelines enforced by Bank Negara Malaysia.

Exposure to Foreign Currency Risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period were:

	2022			2021		
	Denominated in			Denominated in		
	USD RM'000	GBP RM'000	EUR RM'000	USD RM'000	GBP RM'000	EUR RM'000
Group						
Trade payables	(36)	(17)	-	(85)	(2)	(71)
Cash and bank balances	1,472	753	125	1,120	665	127
Amounts due from fellow subsidiaries	812	67	-	-	-	-
Amounts due to fellow subsidiaries	(14,319)	(888)	(89)	(12,584)	(1,784)	(127)
Net exposure in the statement of financial position	(12,071)	(85)	36	(11,549)	(1,121)	(71)
Company						
Cash and bank balances	814	284	-	487	265	-
Amounts due from fellow subsidiaries	28	-	-	-	-	-
Amounts due to fellow subsidiaries	-	(766)	-	(16)	(1,362)	-
Net exposure in the statement of financial position	842	(482)	-	471	(1,097)	-

Notes to the Financial Statements

24. Financial Instruments (continued)

24.6 Market Risk (continued)

24.6.1 Currency Risk (continued)

Currency Risk Sensitivity Analysis

A 10 percent (2021: 10 percent) strengthening of RM against the following currencies at the end of the financial year would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular ratio, remain constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
USD	1,207	1,155	(84)	(47)
GBP	8	112	48	110
EUR	(4)	7	-	-

A 10 percent (2021: 10 percent) weakening of RM against the above currencies at the end of the financial year would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24.6.2 Interest Rate Risk

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and interest cash flow risk that results from borrowings at variable rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The objectives of the Group's interest rate risk management policy are to lessen the impact of adverse interest rate movements on earnings, cash flow and economic value of the Group. As at the statement of financial position date, there were no open interest rate swap contracts. Borrowings issued at floating rates expose the Group to risk of change in cash flows due to change in interest rate risks. The Group has floating rate borrowings as disclosed in Note 19.

Exposure to Interest Rate Risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments				
Financial liabilities	33,762	19,912	18,142	17,252
Floating rate instruments				
Financial liabilities	695,000	775,000	-	-

Notes to the Financial Statements

24. Financial Instruments (continued)

24.6 Market Risk (continued)

24.6.2 Interest Rate Risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point ("bp") in interest rates at the end of reporting period would have increased/(decreased) equity and pre-tax profit by the amounts shown below:

	2022		2021	
	Profit or loss		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	(6,950)	6,950	(7,750)	7,750

24.7 Fair Value Information

The carrying amounts of cash and bank balances, short-term receivables and payables and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

The Group measures its forward foreign exchange contracts (cash flow hedges) at fair values, as disclosed in Note 20. The fair values of forward foreign exchange contracts are determined based on the quoted market price of similar derivatives, as they are not traded on an active market. These derivatives are classified as Level 2 financial instruments.

The Group measures the fair values of its borrowings based on observable yield curves. The fair value of the Group's financial assets and financial liabilities approximate to their carrying value.

Notes to the Financial Statements

25. Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The Group defines capital as net debt and equity. Net debt is calculated as total borrowings less cash and bank balances. The debt-to-equity ratios at 31 December 2022 and at 31 December 2021 were as follows:

	Group	
	2022 RM'000	2021 RM'000
Total borrowings (Note 19)	695,000	775,000
Less: Cash and bank balances	(16,636)	(21,827)
Net debt	678,364	753,173
Total equity	377,136	382,522
Debt-to-equity ratio	1.8	2.0

There was no change in the Group's approach to capital management during the financial year.

26. Capital Commitments

The Group and the Company have no capital commitments as at 31 December 2022.

27. Related Parties**Identity of Related Parties**

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group. The Directors' remuneration paid is disclosed in Note 5.

The Group has related party relationship with its holding company, subsidiaries and key management personnel.

Significant Related Party Transactions

The Group's and the Company's transactions are with member corporations of British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent equity interest in the Company and is the Company's ultimate holding company).

The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions below are shown in Note 16 and Note 18.

Notes to the Financial Statements

27. Related Parties (continued)

Significant Related Party Transactions (continued)

	Group	
	2022 RM'000	2021 RM'000
(i) Purchase of goods		
Purchase of leaf, cigarette packaging and wrapping materials and tobacco products from:		
- PT Bentoel Prima	165,415	156,932
(ii) Procurement of services		
Procurement of information technology services from:		
- British American Shared Services (GSD) Limited	18,923	15,803
(iii) Technical and advisory (includes share-based payment charges)		
Payment of fees for technical and advisory support services to:		
- British American Tobacco Investments Ltd.	16,856	14,314
- BAT Aspac Service Centre Sdn. Bhd.	12,667	12,872
	29,523	27,186
(iv) Royalties		
Royalties paid/payable to:		
- British American Tobacco Exports Limited	87,902	84,765
	Company	
	2022 RM'000	2021 RM'000
(i) Management fee		
Management fee received from:		
- Commercial Marketers and Distributors Sdn. Bhd.	3,427	4,631
- Tobacco Importers and Manufacturers Sdn. Berhad	158	164
	3,585	4,795
(ii) Fee for usage of property, plant and equipment		
Fee for usage of property, plant and equipment received from:		
- Commercial Marketers and Distributors Sdn. Bhd.	2,314	2,299
- Tobacco Importers and Manufacturers Sdn. Berhad	59	69
	2,373	2,368

Notes to the Financial Statements

27. Related Parties (continued)

Significant Related Party Transactions (continued)

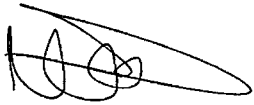
	Company	
	2022 RM'000	2021 RM'000
(iii) Technical and advisory		
Provision of technical and advisory fees received from:		
- British American Tobacco Sales & Marketing (Singapore) Pte. Ltd.	916	916
- British American Tobacco Asia-Pacific Region Limited	312	-
	1,228	916
(iv) Technical and advisory		
Payment of fees for technical and advisory support services to:		
- BAT Aspac Service Centre Sdn. Bhd.	3,656	7,546
(v) Interest expense		
Interest expense on cash pooling:		
- Commercial Marketers and Distributors Sdn. Bhd.	5,231	2,900
- Tobacco Importers and Manufacturers Sdn. Berhad	1,194	940
	6,425	3,840

Statement by Directors

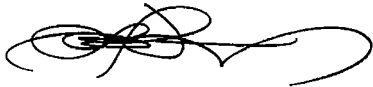
Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 115 to 179 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:



Nedal Louay Salem
Managing Director



Anthony Yong Mun Seng
Finance Director

Kuala Lumpur

Date: 20 February 2023

Statutory Declaration

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

I, Anthony Yong Mun Seng, the Director primarily responsible for the financial management of British American Tobacco (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 115 to 179 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Anthony Yong Mun Seng, MIA CA: 25298, at Kuala Lumpur in the State of Federal Territory on 20 February 2023.

Anthony Yong Mun Seng
Finance Director

Before me:

LEVEL 25, MENARA HONG LEONG,
NO 6, JALAN DAMANLELA, BUKIT DAMANSARA
50490 KUALA LUMPUR

Independent Auditors' Report

To The Members Of British American Tobacco (Malaysia) Berhad
Registration No. 196101000326 (4372-M) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of British American Tobacco (Malaysia) Berhad, which comprise the statements of financial positions as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 115 to 179.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' 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 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.

Goodwill - Assessment of potential impairment

Refer to Note 2(f)(i) - Significant accounting policy: Intangible Assets - Goodwill and Note 12 - Goodwill.

The key audit matter

The carrying amount of the Group's goodwill as at 31 December 2022 amounts to RM411,618,000.

The Group performs annual impairment assessment of its goodwill with indefinite useful lives by comparing the carrying amount of the goodwill against the discounted cash flow forecasts of the cash generating unit to determine the amount of impairment loss which should be recognised for the year, if any.

We have identified goodwill assessment as a key audit matter for the Group because:

- the carrying amount is significant to the Group's total assets; and
- there is significant judgement involved in the forecasting and discounting of future cash flows, which is the basis of the Group's assessment of the recoverable value of the goodwill.



Independent Auditors' Report

To The Members Of British American Tobacco (Malaysia) Berhad
Registration No. 196101000326 (4372-M) (Incorporated in Malaysia)

How the matter was addressed in our audit

Our audit procedures included, amongst others:

- Evaluated Group's cash flow forecasts to the approved business plans by both Board of Directors and management;
- Compared prior year cash flow forecasts to current year actual results to assess the performance of the business and the reliability of prior year's forecast; and
- Tested the assumptions and methodologies used. To do this, we:
 - involved our internal valuation specialists to evaluate and compare the discount rate to similar companies in the market.
 - compared the key assumptions to externally derived data as well as our own assessments of the key inputs such as projected volumes and margins.
 - assessed the sensitivity of the outcome of the impairment assessment to changes in key assumptions.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 Directors' Report and Statement on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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 the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

Independent Auditors' Report

To The Members Of British American Tobacco (Malaysia) Berhad
Registration No. 196101000326 (4372-M) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or 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.
- 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 gives a true and fair view.
- 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, related safeguards.

Independent Auditors' Report

To The Members Of British American Tobacco (Malaysia) Berhad
Registration No. 196101000326 (4372-M) (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 auditors' 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 13 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 20 February 2023

Adrian Lee Lye Wang
Approval Number: 02679/11/2023 J
Chartered Accountants

GRI STANDARDS INDEX

Statement of Use BAT Malaysia has reported the information cited in this GRI content index for the period 1 January 2022 to with reference to the GRI Standards.

GRI 1 Used GRI 1: Foundation 2021

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/ Omissions
GRI 2: General Disclosures 2021			
The organisation and its reporting practices			
2-1	Organisational details	page 8	
2-2	Entities included in the organisation's sustainability reporting	page 8	
2-3	Reporting period, frequency and contact point	page 1	
2-4	Restatements of information	-	There were no restatements in the reporting year.
2-5	External assurance	-	This Report has not been externally assured.
Activities and workers			
2-6	Activities, value chain and other business relationships	pages 8 to 11	
2-7	Employees	page 54	
2-8	Workers who are not employees	page 54	
Governance			
2-9	Governance structure and composition	Pages 66 to 96	
2-10	Nomination and selection of the highest governance body	Pages 66 to 96	
2-11	Chair of the highest governance body	Pages 66 to 96	
2-12	Role of the highest governance body in overseeing the management of impacts	Pages 66 to 96	
2-13	Delegation of responsibility for managing impacts	Pages 66 to 96	
2-14	Role of the highest governance in sustainability reporting	Pages 66 to 96	
2-15	Conflicts of interest	Pages 66 to 96	
2-16	Communication of critical concerns	Pages 94 to 95	
2-17	Collective knowledge of the highest governance body	Pages 66 to 96	
2-18	Evaluation of the performance of the highest governance body	Pages 66 to 96	
2-19	Remuneration policies	Pages 66 to 96	
2-20	Process to determine remuneration	Pages 66 to 96	
2-21	Annual total compensation ratio	Pages 66 to 96	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Pages 16 to 17	
2-23	Policy commitments	Pages 66 to 96	
2-24	Embedding policy commitments	Pages 66 to 96	
2-25	Processes to remediate negative impacts	Pages 94 to 95	
2-26	Mechanisms for seeking advice and raising concerns	Pages 94 to 95	
2-27	Compliance with laws and regulations	Pages 66 to 96	
2-28	Membership associations	-	<ul style="list-style-type: none"> • Confederation of Malaysia Tobacco Manufacturers (CMTM) • Malaysian International Chamber of Commerce and Industry (MICCI) • Federation of Malaysian Manufacturers (FMM) • British Malaysian Chamber of Commerce (BMCC) • Retail and Trade Brand Advocacy (RTBA) • Institute of Corporate Directors (ICDM)
Strategy, policies and practices			
2-29	Approach to stakeholder engagement	Page 21	
2-30	Collective bargaining agreements	-	No employees are covered by collective bargaining agreements in BAT Malaysia.
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Page 22	
3-2	List of material topics	Page 22	



GRI Standards Index

GRI Standard	Disclosure	Remarks/ Page Number	Omission
ECONOMIC			
Management Approach			
3-3	Management of Material Topics	Refer to Management Discussion and Analysis from pages 28 to 35	
201: Economic Performance			
3-3	Management of Material Topics	Refer to Management Discussion and Analysis from pages 28 to 35	
201-1	Direct economic value generated and distributed	Refer to Finance Director's Review on pages 32 to 35	
201-2	Financial implications and other risks and opportunities due to climate change	Refer to Environment in Sustainability on pages 46 to 47	
201-3	Defined benefit plan obligation and other retirement plans	In 2022, BAT Malaysia maintained its employer contribution for the Employees Provident Fund (EPF), which is 4 percent higher than the mandatory employer contribution. This involves 12 percent for salaries more than RM5,000 and 13 percent for salaries less than RM5,000. In total, BAT Malaysia contributed 16 percent or 17 percent to the employees' EPF.	
202: Market Presence			
3-3	Management of Material Topics	Refer to Management Discussion and Analysis on pages 28 to 35	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	BAT Malaysia ensures that its workforce is compensated above the prescribed amount in the Minimum Wages Order 2020 irrespective of gender or location.	
202-2	Proportion of senior management hired from local community	In 2022, 63 percent of our senior management were locals.	
203: Indirect Economic Impacts			
3-3	Management of Material Topics	Refer to Community in Sustainability on pages 62 to 63	
203-1	Infrastructure investments and services supported	Refer to Community in Sustainability on pages 62 to 63	
203-2	Significant indirect economic impacts	Refer to Community in Sustainability on pages 62 to 63	
204: Procurement Practices			
3-3	Management of Material Topics	Refer to Simpler and Smarter Organisation on page 31	
ENVIRONMENTAL			
103: Management Approach			
3-3	Management of Material Topics	Refer to Environment in Sustainability on pages 39 to 47	
302: Energy			
3-3	Management of Material Topics	Refer to Environment in Sustainability on page 43	
302-1	Energy Consumption Within the Organisation	Refer to Environment in Sustainability on page 43	
302-4	Reduction of Energy Consumption	Refer to Environment in Sustainability on page 43	

GRI Standards Index

GRI Standard	Disclosure	Remarks/ Page Number	Omission
ENVIRONMENTAL (continued)			
303: Water and Effluents 2018			
3-3	Management of Material Topics	Refer to Water in Sustainability on page 44	
303-1	Interactions with water as a shared resource	Refer to Water in Sustainability on page 44	
303-2	Management of water discharge-related impacts	Refer to Water in Sustainability on page 44	
303-3	Water withdrawal	Refer to Water in Sustainability on page 44	
303-4	Water discharge	Refer to Water in Sustainability on page 44	
303-5	Water consumption	Refer to Water in Sustainability on page 44	
305: Emissions			
3-3	Management of Material Topics	Refer to Climate Change in Sustainability on pages 41 to 42	
305-1	Direct (Scope 1) GHG Emissions	Refer to Climate Change in Sustainability on pages 41 to 42	
305-2	Energy indirect (Scope 2) GHG Emissions	Refer to Climate Change in Sustainability on pages 41 to 42	
305-3	Other indirect (Scope 3) GHG Emissions	Refer to Climate Change in Sustainability on pages 41 to 42	
305-4	GHG Emissions Intensity	Refer to Climate Change in Sustainability on pages 41 to 42	
305-5	Reduction of GHG Emissions	Refer to Climate Change in Sustainability on pages 41 to 42	
306: WASTE 2020			
3-3	Management of Material Topics	Refer to Waste in Sustainability on page 45	
306-1	Waste generation and significant waste-related impacts	Refer to Waste in Sustainability on page 45	
306-2	Management of significant waste-related impacts	Refer to Waste in Sustainability on page 45	
306-3	Waste generated	Refer to Waste in Sustainability on page 45	
306-4	Waste diverted from disposal	Refer to Waste in Sustainability on page 45	
306-5	Waste directed to disposal	Refer to Waste in Sustainability on page 45	
307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	There were no non-compliance with environmental laws and regulations.	
SOCIAL			
Management Approach			
3-3	Management of Material Topics	Refer to Social in Sustainability from pages 48 to 63	
401: Employment			
3-3	Management of Material Topics	Refer to Workforce from pages 48 to 56	
401-1	New employee hires and employee turnover	Refer to Attracting & Retaining The Best Talent in Sustainability on page 55	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Refer to Attracting & Retaining the Best Talent in Sustainability on page 56	
401-3	Parental leave	Refer to Diversity & Inclusion in Sustainability on page 55	



GRI Standards Index

GRI Standard	Disclosure	Remarks/ Page Number	Omission
SOCIAL (continued)			
403: Occupational Health and Safety			
3-3	Management of Material Topics	Refer to Workplace in Sustainability from pages 60 to 61	
403-1	Occupational Health and Safety Management System	Refer to Workplace in Sustainability from pages 60 to 61	
403-2	Hazard Identification, Risk Assessment and Incident Investigation	Refer to Workplace in Sustainability on page 60	
403-4	Worker participation, consultation and communication on occupational health and safety	Refer to Workplace in Sustainability on page 60	
403-5	Worker training on occupational health and safety	Refer to Workplace in Sustainability on pages 60 to 61	
403-8	Workers covered by an occupational health and safety management system	Refer to Workplace in Sustainability on page 60	
403-9	Work-related injuries	Refer to Workplace in Sustainability on page 61	
403-10	Work-related ill health	Refer to Workplace in Sustainability on page 61	
404: Training and Education			
3-3	Management of Material Topics	Refer to Accelerating Tomorrow's Leaders on page 48 to 52	
404-1	Average hours of training per year per employee	Refer to Investing in Leaders on page 52	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Refer to Accelerating Tomorrow's Leaders on page 48 to 52	
404-3	Percentage of employees receiving regular performance and career development	100 percent of our employees received regular performance and career development.	
405: Diversity and Equal Opportunity			
3-3	Management of Material Topics	Refer to Diversity and Inclusion in Sustainability from pages 52 to 55	
405-1	Diversity of governance bodies and employees	Refer to Diversity and Inclusion in Sustainability from pages 53 to 54	
406: Non-Discrimination			
406-1	Incidents of discrimination and corrective actions taken	There were zero cases of discrimination reported in 2022. Refer to Diversity and Inclusion on page 52	
408: Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	Refer to Human Rights in Sustainability on page 61	
409: Forced or Compulsory Labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Refer to Human Rights in Sustainability on page 61	
410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	Refer to Human Rights in Sustainability on page 61	
411: Incidents of violations involving rights of indigenous peoples			
411-1	Incidents of violations involving rights of indigenous peoples	Refer to Human Rights in Sustainability on page 61	

GRI Standards Index

GRI Standard	Disclosure	Remarks/ Page Number	Omission
SOCIAL (continued)			
412: Human Rights Assessment			
3-3	Management of Material Topics	Refer to Human Rights in Sustainability on page 61	
412-1	Operations that have been subjected to human rights reviews or impact assessments	Refer to Human Rights in Sustainability on page 61	
412-2	Employee training on human rights policies or procedures	Refer to Human Rights in Sustainability on page 61	
413: Local Communities			
3-3	Management of Material Topics	Refer to Community in Sustainability on pages 62 to 63	
413-1	Operations with local community engagement, impact assessments and development programmes	Refer to Community in Sustainability on pages 62 to 63	
414: Supplier Social Assessment			
3-3	Management of Material Topics	Refer to Human Rights in Sustainability on page 61	
415: Public Policy			
415-1	Political contributions	There were no political contributions made by BAT Malaysia in 2022. Refer to Standards of our Business Conduct in the Corporate Governance Overview Statement on page 94	
416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	100 percent of our tobacco products are assessed to ensure compliance to the emission standard for cigarette as provided under the Control of Tobacco Product Regulations (CTPR).	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were zero incidents of non-compliance concerning the health and safety impacts or products and services.	
418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints concerning breaches of customer privacy and losses of customer data in 2022.	
GOVERNANCE			
Management Approach			
3-3	Management of Material Topics	Refer to Our Governance from pages 64 to 105	
205: Anti-Corruption			
205-2	Communication and training about anti-corruption policies and procedures	100 percent of our employees completed the Anti-Bribery and Corruption e-module, which is mandatory and part of our Standards of Business Conduct. Our Anti-Bribery and Corruption policies and procedures are communicated to all our employees across all employment categories via email as well as the Standards of Business Conduct.	
205-3	Confirmed incidents of corruption and actions taken	There were zero confirmed incidents of corruption and actions taken in 2022.	
206: Anti-Competitive Behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	There was no legal action taken against BAT Malaysia for anti-competitive behaviour, anti-trust or monopoly practices in 2022.	



Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat

PSM, SPSK, SSAP, SPTJ, SPDK, DPCM, DSAP, DIMP, KMN, AMN
Independent Non-Executive Director
(Chairman)

Dato' Chan Choon Ngai

DSNS
Senior Independent Non-Executive Director

Eric Ooi Lip Aun

Independent Non-Executive Director

Norliza binti Kamaruddin

Independent Non-Executive Director

Datuk Christine Lee Oi Kuan

DPSM
Non-Independent Non-Executive Director

Nedal Louay Salem

Executive Director/Managing Director

Anthony Yong Mun Seng

Executive Director/Finance Director

COMPANY SECRETARY

Sharifah Thaherah Syed Taha

(SSM Practicing Certificate No.: 202008004234)
(MACS01735)
Tel : +60(3) 2720 8188
Fax : +60(3) 2720 8106
Email : sharifah_thaherah_external@bat.com

Adiel Emir Ikram Aziz Al Rahim

(SSM Practicing Certificate No.: 202208000613)
(LS0010638)
Tel : +60(3) 2720 8188
Fax : +60(3) 2720 8106
Email : adiel_emir_ikram_aziz_al_rahim@bat.com

REGISTERED OFFICE

British American Tobacco (Malaysia) Berhad

[Registration No: 196101000326 (4372-M)]
Level 19, Guoco Tower
Damansara City
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : +60(3) 2720 8188
Fax : +60(3) 2720 8106
Email : bat_malaysia@bat.com

COMPANY WEBSITE

www.batmalaysia.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

[Registration No:197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +60(3) 2783 9299
Fax : +60(3) 2783 9222
Email : lay.kiow.lim@my.tricorglobal.com
siti.zalina@my.tricorglobal.com

AUDITORS

KPMG PLT

[Firm No: LLP0010081-LCA & AF 0758]
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +60(3) 7721 3388
Fax : +60(3) 7721 3399

PRINCIPAL BANKERS

Citibank Berhad

[Registration No: 199401011410 (297089-M)]

Malayan Banking Berhad

[Registration No: 196001000142 (3813-K)]

Deutsche Bank (Malaysia) Berhad

[Registration No: 199401026871 (312552-W)]

Sumitomo Mitsui Banking Corporation Malaysia Berhad

[Registration No: 201001042446 (926374-U)]

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Listed Since : 27 October 1961
Stock Code : 4162
Stock Name : BAT

Corporate Directory

Principal Offices

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

[Registration No. 196101000326 (4372-M)]

Head Office

Level 19, Guoco Tower

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : +60(3) 2720 8188

Fax : +60(3) 2720 8106

TOBACCO IMPORTERS AND MANUFACTURERS SDN. BHD.

[Registration No. 196101000373 (4414-U)]

Level 19, Guoco Tower

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : +60(3) 2720 8188

Fax : +60(3) 2720 8106

COMMERCIAL MARKETERS AND DISTRIBUTORS SDN. BHD.

[Registration No. 197801005300 (42316-T)]

Level 19, Guoco Tower

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : +60(3) 2720 8188

Fax : +60(3) 2720 8106

Manufacturing Plant

TOBACCO IMPORTERS AND MANUFACTURERS SDN. BHD.

[Registration No. 196101000373 (4414-U)]

No. 4, Jalan Teknologi Perintis 1/2

Taman Teknologi Nusajaya

79250 Iskandar Puteri

Johar Darul Takzim

Tel : +60(7) 869 1686

Fax : +60(7) 869 1678

Branch Offices

SELANGOR

Level 10, Guoco Tower

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : +60(3) 2720 8211

KUALA LUMPUR

Level 10, Guoco Tower

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : +60(3) 2720 8210

SEREMBAN

No.305, Jalan Pusat Perdagangan

Sendayan 3/6,

Pusat Perdagangan

Sendayan

71950 Negeri Sembilan

IPOH

No. 1, Jalan Abdul Manan Taman Eden

30200 Ipoh Perak

Tel : +60(5) 5251981

PENANG

Level 5, Wisma Leader No. 8,

Jalan Larut 10050 Penang

Tel : +60(4) 287 4990

ALOR SETAR

No. 238, Jalan Kristal 3

Taman Perindustrian Ringan Kristal

05150 Alor Setar

Tel : +60(4) 737 2072

MELAKA

No. 12, Jalan Abadi 3

Taman Malim Jaya

75250 Melaka

Tel : +60(6) 337 6593

JOHOR BAHRU

No. 10 & 12, Jalan Roda 3 Skudai

81300 Johor Bahru

Tel : +60(7) 511 6141

+60(7) 511 2754

BATU PAHAT

No. 9, Jalan Komercial Pantai 1

Pusat Komercial Pantai

83000 Batu Pahat

KUANTAN

PT64561, Jalan IM 3/15

Kawasan Perindustrian Ringan

Bandar Indera Mahkota

25200 Kuantan, Pahang

Tel : +60(9) 573 7831 / 8373

Fax : +60(9) 573 3484

KOTA BHARU

Lot AG-01-15, Alwaqf Garden

Boulevard @ Tunjong

Jalan Kuala Krai

16010 Kota Bharu

Kelantan

Tel : +60(9) 773 8831 / 8873

Fax : +60(9) 773 8968

KOTA KINABALU

Lot L180-101/000

Block A, HSK Industrial Centre

Jalan Bundusan

Mile 5 Off Jalan Penampang

89500 Kota Kinabalu, Sabah

Tel : +60(88) 722 628 / 629

KUCHING

No. 19-A, Lot 3439, Block 12

Vista Industrial Park

Muara Tebas Land District

Off Jalan Setia Raja

93350 Kuching, Sarawak

Tel : +60(82) 362 112



Analysis of Shareholdings

as at 23 February 2023

The total number of issued shares of the Company stands at 285,530,000 ordinary shares, with voting right of one vote per ordinary share.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	907	5.37	9,773	0.00
100 - 1,000	8,142	48.17	4,808,277	1.68
1,001 - 10,000	6,519	38.57	23,854,056	8.35
10,001 - 100,000	1,207	7.14	32,206,538	11.28
100,001 - 14,276,499 *	127	0.75	81,886,256	28.68
14,276,500 and above **	1	0.01	142,765,100	50.00
Total	16,903	100.00	285,530,000	100.00

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

Category of Shareholders

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1. Individual	13,122	77.63	62,762,062	21.98
2. Body Corporate				
a. Banks/Finance Companies	4	0.02	159,296	0.06
b. Investments Trusts/Foundations/Charities	3	0.02	8,888	0.00
c. Industrial and Commercial Companies	210	1.24	148,163,989	51.89
3. Government Agencies/Institutions	1	0.01	2,548	0.00
4. Nominees	3,561	21.07	74,432,216	26.07
5. Others	2	0.01	1,001	0.00
6. Trustee	0	0.00	0	0.00
Total	16,903	100.00	285,530,000	100.00

Analysis of Shareholdings

as at 23 February 2022

Substantial Shareholders

(As per Register of Substantial Shareholders)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Shareholders	No. of Shares Held	% of Shareholders
1.	British American Tobacco p.l.c.	-	-	142,765,100	50.00
2.	British American Tobacco (1998) Limited	-	-	142,765,100	50.00
3.	British American Tobacco (2012) Limited	-	-	142,765,100	50.00
4.	British American Tobacco (2009) Limited	-	-	142,765,100	50.00
5.	Weston (2009) Limited	-	-	142,765,100	50.00
6.	Weston Investment Company Limited	-	-	142,765,100	50.00
7.	British American Tobacco International (Holdings) B.V.	-	-	142,765,100	50.00
8.	British American Tobacco Holdings (The Netherlands) B.V.	-	-	142,765,100	50.00
9.	Allen & Ginter (UK) Limited	-	-	142,765,100	50.00
10.	Chelwood Trading & Investment Company Limited	-	-	142,765,100	50.00
11.	B.A.T. Industries p.l.c.	-	-	142,765,100	50.00
12.	British-American Tobacco (Holdings) Limited	-	-	142,765,100	50.00
13.	British American Tobacco Exports Limited	-	-	142,765,100	50.00
14.	British American Tobacco Holdings (Malaysia) B.V.	142,765,100	50.00	-	-

Directors' Direct and Indirect Interests in the Company and its Related Corporations

(As per Register of Directors' Shareholdings)

Interest in the Company	Number of ordinary shares				
	Direct Interest		Indirect Interest		
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	
1. Dato' Chan Choon Ngai	1,000	0.00*	-	-	
2. Datuk Lee Oi Kuan	100	0.00*	-	-	

Interest in the Ultimate Holding Company British American Tobacco p.l.c.	Number of ordinary shares				
	Direct Interest		Indirect Interest		
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	
1. Datuk Lee Oi Kuan	35,023	0.00*	-	-	
2. Nedal Louay Salem	49,000	0.00*	-	-	
3. Anthony Yong Mun Seng	276	0.00*	-	-	

Note:

* Less than 0.01%



Analysis of Shareholdings

as at 23 February 2023

Directors' Direct and Indirect Interests in the Company and its Related Corporations

(As per Register of Directors' Shareholdings)

Interest in the Ultimate Holding Company British American Tobacco p.l.c.		Number of ordinary shares
Deferred Share Bonus Scheme & International Share Reward Scheme		Direct Interest
No.	Name	No. of Shares Held
1.	Nedal Louay Salem	5,765
2.	Anthony Yong Mun Seng	3,438

Interest in the Ultimate Holding Company British American Tobacco p.l.c.		Number of options in ordinary shares
Long Term Incentive Plan		Direct Interest
No.	Name	No. of Options Held
1.	Nedal Louay Salem	
	LTIP (30 March 2030)	1,986
	LTIP (29 March 2031)	1,942
	LTIP (25 March 2032)	7,146
2.	Anthony Yong Mun Seng	
	LTIP (25 March 2032)	1,924

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

List of Top Thirty Largest Shareholders

(without aggregating the securities from different securities accounts belonging to the same Registered Holder)

No.	Name	No. of Shares Held	% of Issued Shares
1.	British American Tobacco Holdings (Malaysia) B.V.	142,765,100	50.00
2.	Cartaban Nominees (Tempatan) Sdn Bhd Standard Chartered Bank (Singapore) Limited for Tan Yu Yeh	10,048,000	3.52
3.	Cartaban Nominees (Tempatan) Sdn Bhd Standard Chartered Bank (Singapore) Limited for Tan Yu Wei	5,000,000	1.75
4.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Douglas Cheng Heng Lee	4,304,300	1.51
5.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	4,162,574	1.46
6.	Kam Loong Mining Sdn Bhd	3,712,000	1.30
7.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for PRUSIK Asian Equity Income Fund (PRUSIK U FD PLC)	3,408,600	1.19
8.	Yap Ah Fatt	2,521,000	0.88

Analysis of Shareholdings

as at 23 February 2023

List of Top Thirty Largest Shareholders

(without aggregating the securities from different securities accounts belonging to the same Registered Holder)

No.	Name	No. of Shares Held	% of Issued Shares
9.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	2,123,069	0.74
10.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	2,094,200	0.73
11.	Toh Ean Hai	2,060,000	0.72
12.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund OD80 for IShares V Public Limited Company	2,037,647	0.71
13.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	1,933,234	0.68
14.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (SHF)	1,900,000	0.67
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Douglas Cheng Heng Lee (PB)	1,825,600	0.64
16.	Wong Chuan Keong	1,778,000	0.62
17.	Foo Khen Ling	1,180,000	0.41
18.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,165,524	0.41
19.	Tan Yu Wei	1,111,700	0.39
20.	CIMSEC Nominees (Tempatan) Sdn Bhd Exempt AN for CIMB Commerce Trustee Berhad for Pearson Trust (PB)	975,200	0.34
21.	HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Temp)	895,500	0.31
22.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	865,900	0.30
23.	Kam Loong Credit Sdn Bhd	808,000	0.28
24.	Woon Chen Chin	800,000	0.28
25.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Leef)	792,500	0.28
26.	HSBC Nominees (Tempatan) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	788,200	0.28
27.	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd for Hong Leong Assurance Berhad (LP Fund ED102)	750,000	0.26
28.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	744,228	0.26
29.	Lim Sew Muei	615,300	0.22
30.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For Barclays Capital Securities Ltd (SBL/PB)	614,411	0.22
Total		203,779,787	71.37



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Second (62nd) Annual General Meeting (**AGM** or **Meeting**) of British American Tobacco (Malaysia) Berhad (the **Company**) will be held virtually at the broadcast venue, Infinity Room, Level 16, Guoco Tower, Damansara City, No. 6, Jalan Damansara, Bukit Damansara, 50490 Kuala Lumpur and via the TIH Online website at <https://tiih.online> on **Wednesday, 3 May 2023 at 9.30 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.

Please refer to Explanatory Note 9 (Note A)

2. To re-elect the following Directors, each whom retires pursuant to Clause 109.1 of the Constitution of the Company:

- i. Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat

Ordinary Resolution 1

- ii. Dato' Chan Choon Ngai

Ordinary Resolution 2

- iii. Eric Ooi Lip Aun

Ordinary Resolution 3

Please refer to Explanatory Note 9

3. To approve the payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period commencing 4 May 2023 until the next AGM of the Company.

Ordinary Resolution 4

Please refer to Explanatory Note 9

4. To approve the payment of Directors' benefits to the Non-Executive Directors of up to RM250,000 for the period commencing 4 May 2023 until the next AGM of the Company.

Ordinary Resolution 5

Please refer to Explanatory Note 9

5. To re-appoint KPMG PLT as the Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.

Ordinary Resolution 6

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:

6. **Proposed Renewal of Shareholders' Mandate for the Company and its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties (Proposed Renewal of the Recurrent RPTs Mandate)**

Ordinary Resolution 7

"THAT, the Recurrent RPTs Mandate (as defined in the Circular to Shareholders dated 4 April 2023) granted by the shareholders of the Company authorising the Company and/or its Subsidiaries (**British American Tobacco Malaysia Group**) to enter into recurrent related party transactions of a revenue or trading nature (**Recurrent RPTs**) with Related Parties (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) as set out in Paragraph 2.2 and Appendix II of the Circular to Shareholders dated 4 April 2023 which are necessary for British American Tobacco Malaysia Group's day-to-day operations, be and is hereby renewed and approved, provided that:

- i. the transactions are in the ordinary course of business and are 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 to the Company; and
- ii. disclosure of the aggregate value of the transactions conducted during a financial year will be made in the annual report for the said financial year,

Notice of Annual General Meeting

AND THAT the authority conferred by such renewed mandate shall continue to be in force until:

- i. the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of the Recurrent RPTs Mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM the mandate is renewed.
- ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is 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 in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Renewal of the RPTs Mandate.

AND FURTHER THAT, as the estimated values of the Recurrent RPTs given in Appendix II of the Circular to Shareholders dated 4 April 2023 are provisional in nature, the Directors of the Company or any of them be and are hereby authorised to agree to the actual amount or amounts thereof, provided that such amount or amounts comply with the review procedures set out in Paragraph 2.3 of the Circular to Shareholders dated 4 April 2023.

Please refer to Explanatory Note 10

7. To transact any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 62nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 71 of the Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 21 April 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend the said Meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

Sharifah Thaherah Syed Taha (MACS01735) (SSM PC No.: 202008004234)

Adiel Emir Ikram Aziz Al Rahim (LS0010638) (SSM PC No.: 202208000613)

Company Secretaries

Kuala Lumpur
4 April 2023



Notice of Annual General Meeting

Notes:

1. The 62nd AGM will be conducted virtually through live streaming and online voting using Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s TIIH Online website at <https://tiih.online>. Please refer to the Administrative Details of the 62nd AGM in order to register, participate and vote remotely via the RPV facilities.
2. The broadcast venue of the 62nd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. **No members/proxy(ies) will be allowed to be physically present at the broadcast venue.** If a member is not able to attend the Meeting via RPV facilities, he/she can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.
3. A member entitled to attend and vote remotely at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote remotely on his/her behalf. Where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified. A proxy need not be a member of the Company.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (**Omnibus Account**), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act) which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
5. The instrument appointing a proxy(ies) must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
6. If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the Meeting as his/her proxy.
7. The proxy form must be duly executed and deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or **no later than 1 May 2023 at 9.30 a.m.** The proxy appointment may also be lodged electronically via Tricor’s TIIH Online website at <https://tiih.online>.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.
9. **Explanatory Notes on Ordinary Business**

Note A

The Audited Financial Statements for the financial year ended 31 December 2022 under Agenda item 1 are meant for discussion only in accordance with the provision of Section 340(1)(a) of the Companies Act, 2016, and it does not require a formal approval of the shareholders. Hence, this agenda item will not be put forward for voting.

Ordinary Resolutions 1, 2 and 3 – To re-elect Tan Sri Dato’ Seri Dr. Aseh bin Haji Che Mat, Dato’ Chan Choon Ngai and Eric Ooi Lip Aun as Directors

Clause 109.1 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and be eligible for re-election at the annual general meeting.

Notice of Annual General Meeting

Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat, Dato' Chan Choon Ngai and Eric Ooi Lip Aun being eligible, has offered themselves for re-election as Directors at the 62nd AGM. The Board has endorsed the Nomination and Remuneration Committee's recommendation on the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions on their re-election at the Nomination and Remuneration Committee and Board meetings.

The Nomination and Remuneration Committee had assessed Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat and considered the Director's performance and contribution based on the Board and Directors Effectiveness Evaluation, his contribution to the Board deliberations, time commitment and his ability to act in the best interests of the Company in decision-making. The Nomination and Remuneration Committee also reviewed and assessed Tan Sri Dato' Seri Dr. Aseh's independence in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as Fit & Proper Assessment based on the Fit & Proper Policy of the Company. The Board had endorsed the Nomination and Remuneration Committee's recommendation subject to the shareholders' approval at this AGM.

The Nomination and Remuneration Committee had assessed Dato' Chan Choon Ngai and considered the Director's performance and contribution based on the Board and Directors Effectiveness Evaluation, his contribution to the Board deliberations, time commitment and his ability to act in the best interests of the Company in decision-making. The Nomination and Remuneration Committee also reviewed and assessed Dato' Chan Choon Ngai's independence in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as Fit & Proper Assessment based on the Fit & Proper Policy of the Company. The Board had endorsed the Nomination and Remuneration Committee's recommendation subject to the shareholders' approval at this AGM.

The Nomination and Remuneration Committee had assessed Eric Ooi Lip Aun and considered the Director's performance and contribution based on the Board and Directors Effectiveness Evaluation, his contribution to the Board deliberations, time commitment and his ability to act in the best interests of the Company in decision-making. The Nomination and Remuneration Committee also reviewed and assessed Eric Ooi Lip Aun's independence in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as Fit & Proper Assessment based on the Fit & Proper Policy of the Company. The Board had endorsed the Nomination and Remuneration Committee's recommendation subject to the shareholders' approval at this AGM.

The details and profiles of Directors who are standing for re-election at the 62nd AGM are provided in the Directors Profile Section of the Company's Annual Report 2022.

Ordinary Resolution 4 – Payment of Directors' fees and Board Committees' fees to the Non-Executive Directors.

- i) The Company is seeking shareholders' approval for the payment of Directors' fees and Board Committees' fees to Non-Executive Directors for the period commencing 4 May 2023 until the next AGM of the Company based on the fee structure below.

Structure	Chairman	Member
	Fee (RM per annum)	Fee (RM per annum)
Board of Directors	345,000	100,000
Audit Committee	10,000	-
Nomination and Remuneration Committee	-	-
Risk Management Committee	10,000	-
Sustainability Committee	10,000	-

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- ii) The current NRC Chair is the Chairman of the Board. To be more aligned with the Malaysian Code on Corporate Governance, specifically with Practice 1.4, the Company will appoint a new NRC Chair, who will be paid the following fees:

Structure	Chairman Fee (RM per annum)
Nomination and Remuneration Committee	10,000

Ordinary Resolution 5 – Payment of Non-Executive Directors’ benefits of up to RM250,000

The Company is seeking shareholders’ approval for the payment of Non-Executive Directors’ benefits of up to RM250,000 for the period commencing 4 May 2023 until the next AGM of the Company based on the fee structure below.

The details of the Non-Executive Directors’ benefits structure adopted by the Company are as follows:

Structure	Chairman Allowance (RM per annum)	Member Meeting Allowance (RM per meeting)
Board of Directors	154,092	-
Audit Committee	-	1,000
Nomination and Remuneration Committee	-	1,000
Risk Management Committee	-	1,000
Sustainability Committee	-	1,000

The Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolution 4 and Resolution 5.

Ordinary Resolution 6 – Re-appointment of Auditors

The Audit Committee had undertaken an annual assessment of the external auditors, KPMG PLT on their independence, scope of audit, audit fee, expert and experience, performance based on annual audit scope and planning. The Audit Committee was satisfied with the suitability of KPMG PLT on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Company.

Notice of Annual General Meeting

10. Explanatory Notes on Special Business

Ordinary Resolution 7 – Proposed Renewal of the Recurrent RPTs Mandate

The proposed resolution, if passed, will enable British American Tobacco Malaysia Group to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the British American Tobacco Malaysia Group's day-to-day operations, subject to the transactions being in the ordinary course of business and 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.

Further information on the Proposed Renewal of the Recurrent RPTs Mandate is set out in the Circular to Shareholders dated 4 April 2023, which is available at the Company's corporate website at www.batmalaysia.com.

11. Personal Data Privacy

By lodging of a completed proxy form to the Company and the Share Registrar (as the case may be) for appointing a proxy(ies) and/or representative(s) to attend and vote remotely at the 62nd AGM and any adjournment therefore, a shareholder of the Company and the Share Registrar is hereby:

- i. consenting to the collection, use and disclosure of the member's personal data by the Company and to Share Registrar (as the case may be) for the purpose of the processing and administration by the Company and the Share Registrar (as the case may be) of proxy(ies) and representative(s) appointed for the 62nd AGM (including any adjournment thereof), and in order for the Company and the Share Registrar (as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively the **Purpose**).
- ii. warranting that where the member discloses the personal data of shareholder's proxy(ies) and/or representative(s) to the Company and the Share Registrar (as the case may be), the shareholder has obtained to prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company and the Share Registrar (as the case may be) of the personal data of such proxy(ies) and/or representative(s) for the purpose (**Warranty**); and
- iii. agreeing that the member will indemnify the Company and the Share Registrar (as the case may be) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of Warranty.

For the purpose of the paragraph, "personal data" shall have the same meaning given in section 4 of Personal Data Protection Act 2010.

Statement Accompanying Notice of the 62nd AGM

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad)

There are no Directors standing for election at the forthcoming 62nd AGM.



Administrative Details

For British American Tobacco (Malaysia) Berhad
62nd AGM

Date : Wednesday, 3 May 2023

Time : 9.30 a.m.

Broadcast venue : Infinity Room, Level 16, Guoco Tower, Damansara City,
No. 6, Jalan Damansara, Bukit Damansara, 50490 Kuala Lumpur.

Meeting Platform : TIIH Online website at <https://tiih.online>

1. Public Health Preventive Measure

- The 62nd AGM will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities which are available on Tricor Investors & Issuing House Services Sdn Bhd’s TIIH Online website at <https://tiih.online>.
- The broadcast venue of the 62nd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. **No members/proxy(ies) will be allowed to be physically present at the broadcast venue.**
- We **strongly encourage** you to attend the 62nd AGM using the RPV facilities. You may consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 62nd AGM.

2. Entitlement to Participate and Vote using RPV facilities

- Only members whose names appear in the Record of Depositors as at **5.00 p.m. on 21 April 2023 (General Meeting Record of Depositors)** shall be entitled to attend, speak (in the form of real time submission of typed texts) **and vote** at the 62nd AGM in respect of the number of shares registered in their name at that time.
- If a member wish to participate in the 62nd AGM via the RPV facilities, please **do not** submit any proxy form. You will not be allowed to participate in the 62nd AGM together with a proxy appointed by you.
- Members/proxies/corporate representatives/attorneys who wish to participate in the 62nd AGM remotely using the RPV facilities, please do read and follow the procedures in **Appendix A**.

As the 62nd AGM is a virtual AGM, members who are unable to participate in the 62nd AGM may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

3. Appointment of Proxy(ies) or Corporate Representative(s) or Attorney(s)

- If a member is unable to attend the 62nd AGM via RPV facilities, he/she can appoint the Chairman of the Meeting as his or her proxy and indicate the voting instruction in the proxy form. The proxy form and/or documents relating to the appointment of proxy(ies) for the 62nd AGM whether in hardcopy or by electronic means shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time appointed for the taking of poll or **no later than 1 May 2023 at 9.30 a.m.:**
 - In hard copy form:
 - In the case of an appointment made in hard copy form, the proxy form must be duly executed and deposited with Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.
 - By electronic form:
 - In the case of an appointment made in electronic form, the proxy form can be electronically lodged via TIIH Online. Kindly refer to the Procedures for Electronic Submission of Proxy Form in Appendix A.

Administrative Details

For British American Tobacco (Malaysia) Berhad
62nd AGM

- Corporate members through corporate representative (s) or nominees companies (through the beneficiary of shares held under a nominee company's Central Depository System ("CDS") account) or attorney(s) appointed as power of attorney, who wish to appoint their proxy(ies) or the Chairman of the Meeting for the 62nd AGM, shall submit their original/certificate of appointment of corporate representative or power of attorney upon request for verification whether in hardcopy or by electronic means, and shall be deposited or submitted in the following not less than forty-eight (48) hours before the time appointed for the taking of poll or no later than **1 May 2023 at 9.30 a.m.**:
 - i. In hard copy form:
 - In the case of an appointment made in hard copy form, the proxy form must be duly executed and deposited with Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.
 - ii. By electronic form:
 - In the case of an appointment made in electronic form, the proxy form can be electronically lodged via TIIH Online. Kindly refer to the Procedures for Electronic Submission of Proxy Form in Appendix A.

4. Voting Procedure

- Voting at the 62nd AGM will be conducted on polling basis. The Company's Share Registrar, Tricor, is appointed as Poll Administrator to conduct the polling process. An Independent Scrutineer is appointed to verify and validate the results of the poll.
- Members can proceed to vote on the resolutions at any time from the commencement of the 62nd AGM at 9.30 a.m. via RPV facilities and complete voting before the end of the voting session, which will be announced by the Chairman of the Meeting.

5. Pre-Meeting Submission of Questions to the Board of Directors (Board)

- The Board recognises that the 62nd AGM is a valuable opportunity for the Board to engage with members. In order to enhance the efficiency of the proceedings of the 62nd AGM, members may in advance, prior to the 62nd AGM, submit questions to the Board via TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than **1 May 2023 at 9.30 a.m.** The Board will endeavour to address the questions received at the 62nd AGM.

6. No recording or photography

- Strictly **NO recording or photography** of the proceedings of the 62nd AGM is allowed.



Administrative Details

For British American Tobacco (Malaysia) Berhad
62nd AGM

7. Enquiry

- If you have general queries prior to the 62nd AGM, please contact the following persons during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday):

Tricor Investor & Issuing House Services Sdn Bhd Registration No. 197101000970 (11324-H) Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.	General Line No.	+60(3) 27839299
	Fax No.	+60(3) 27839222
	Email	is.enquiry@my.tricorglobal.com
	Ms. Lim Lay Kiow	+60(3) 27839232 Lay.Kiow.Lim@my.tricorglobal.com
	Ms. Siti Zalina	+60(3) 27839247 Siti.Zalina@my.tricorglobal.com
	Mr. Lim Jia Jin	+60(3) 27839246 Jia.Jin.Lim@my.tricorglobal.com

Appendix A

Procedures for RPV

Shareholders, proxies or authorised representatives who wish to participate the 62nd AGM of the Company using the RPV Facilities are to follow the requirements and procedures summarised below:

Procedure	Action
BEFORE THE AGM DAY	
a. Register as a new user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the TIIH Online website at https://tiih.online. Register as a new user under “e-Services” by selecting “Create Account by Individual Holder”. Refer to the tutorial guide on the homepage for assistance. Registration as a new user will be approved within one (1) working day and you will be notified via e-mail. If you are already a TIIH Online user, you are not required to register again. You will receive an email to notify you that the remote participation is available for registration at TIIH Online.
b. Submit your request to attend the 62 nd AGM remotely	<ul style="list-style-type: none"> Registration is open from Tuesday, 4 April 2023 until the day of the 62nd AGM on Wednesday, 3 May 2023. Member(s)/proxy(ies)/corporate representative(s)/attorney(s) are required to pre-register their attendance for the 62nd AGM to ascertain their eligibility to participate in the 62nd AGM using RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) BAT Malaysia 62nd AGM”. Read and agree to the “Terms and Conditions” and confirm the “Declaration”. Select “Register for Remote Participating and Voting”. Review your registration and proceed to register. The system will send an email to notify that your registration for remote participation has been received and will be verified. Upon verification of your registration against the General Meeting Record of Depositors as at 21 April 2023, the system will send you an email after 1 May 2023 to approve or reject your registration for remote participation. <p>(IMPORTANT: Please allow sufficient time for approval of new user of TIIH Online and registration for RPV).</p>

Administrative Details

For British American Tobacco (Malaysia) Berhad
62nd AGM

Procedure		Action
ON THE AGM DAY		
a.	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID name and password for remote participation in the 62nd AGM at any time from 8.30 a.m. (i.e. 1 hour) before the commencement of the meeting at 9.30 a.m. on Wednesday, 3 May 2023.
b.	Participate through live streaming	<ul style="list-style-type: none"> Select “(LIVE STREAMING MEETING) BAT Malaysia 62nd AGM” to engage in the proceedings of the AGM remotely. If you have any questions for the Chairman/Board, you may use the query box to submit your question. The Chairman/Board will try to respond to the questions submitted by remote participants during the 62nd AGM. In the event of time constraint, the responses will then be emailed to you at the earliest possible time, after the meeting.
c.	Online remote voting	<ul style="list-style-type: none"> Voting session commences from 9.30 a.m. on Wednesday, 3 May 2023 until a time when the Chairman of the Meeting announces the end of the voting session. Select the corporate event: “(REMOTE VOTING) BAT Malaysia 62nd AGM” or if you are on the live streaming meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the query box. Read and agree to the “Terms and Conditions” and confirm the “Declaration”. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
d.	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 62nd AGM, the live streaming will end.

Note to users of the RPV facilities:

- Should your registration for the RPV facilities be approved, Tricor will make available to you the rights to join the live streaming meeting and to vote remotely. Your login to TIIH Online on the day of the meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live streaming depends on your internet bandwidth, the stability of your internet connection, and the device you are using.
- In the event you encounter any issues with the login, connection to the live streaming meeting, or online voting, kindly contact Tricor Helpline at 011-40805616/011-40803168/011-40803169/011-40803170 or email to tiih.online@my.tricorglobal.com for assistance.



Administrative Details

For British American Tobacco (Malaysia) Berhad
62nd AGM

Procedures for Electronic Submission of Proxy Form Appointment of Proxy(ies)/Corporate Representative (s)/Attorney(s)

Procedure	Action
BEFORE THE AGM DAY APPOINTMENT OF PROXY: INDIVIDUAL SHAREHOLDERS	
a. Register as a new user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access TIIH Online website at https://tiih.online. Register as a new user under “e-Services”. Refer to the tutorial guide on the homepage for assistance. If you are already a TIIH Online user, you are not required to register again.
b. Proceed with the submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of meeting by the Company, login with your user ID and password. Select the corporate event: “BAT Malaysia 62nd AGM: Submission of Proxy Form”. Read and agree to the “Terms and Conditions” and confirm the “Declaration”. Insert the CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman of the Meeting as your proxy. Indicate your voting instructions – “FOR” or “AGAINST”, otherwise your proxy(ies) will decide your vote. Review and confirm your proxy(ies) appointment. Print the Proxy Form for your record.
BEFORE THE AGM DAY APPOINTMENT OF PROXY : CORPORATE OR INSTITUTIONAL SHAREHOLDERS	
a. Register as a new user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access TIIH Online website at https://tiih.online. Register as a new user under “e-Services” by selecting “Create Account by Representative of Corporate Holder”. Please complete the registration form and upload the required documents. Your registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and reset your password. <p>Note: <i>The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please do contact our Share Registrar if you need clarifications on the user registration.</i></p>
b. Proceed with the submission of proxy form	<ul style="list-style-type: none"> After the release of the Notice of meeting by the Company, login TIIH Online at https://tiih.online with your user ID and password. Select the corporate event: “BAT Malaysia 62nd AGM: Submission of Proxy Form”. Read and agree to the “Terms and Conditions” and confirm the “Declaration”. Proceed to download the file format for the “Submission of Proxy Form” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Select “Submit” to complete your submission. Print the confirmation report of your submission for your record.