

The FGV logo is located in the top right corner. It consists of the letters "FGV" in a white, bold, sans-serif font. Below the letters are two horizontal swooshes, one orange and one red, which curve upwards to the right. The entire logo is set against a dark maroon background that has a curved, torn-paper-like edge at the bottom.

FGV

The background of the cover features a large, light gray wireframe sphere on the left side. To the right of the sphere, several curved lines in dark brown, orange, and red sweep across the page from the bottom left towards the top right. The overall design is clean and modern, with a light gray background.

Propelling Ahead. **Realising Opportunities.**

Audited Financial Statements **2020**

“

PROPELLING AHEAD. REALISING OPPORTUNITIES.

The theme for our Annual Integrated Report 2020 **“Propelling Ahead. Realising Opportunities.”** accentuates our commitment towards achieving operational transformation of the plantation business, which continues to bear fruit and sustain our position as the World’s No. 1 palm oil producer.

While palm oil remains as our mainstay, FGV continues to realise opportunities in non-palm businesses that will potentially benefit our stakeholders. Additionally, progress was made in our corporate governance with attention given to integrating good governance and best practices into our operations and work culture.

The front cover visual features five (5) multi-coloured lines representing FGV’s three (3) core businesses namely Plantation, Sugar and Logistics & Others as well as our two (2) upcoming businesses, which are Integrated Farming and Consumer Products. The ascending lines conceptually illustrate our growth, progress and efforts toward attaining a sustainable future.

FGV will be better positioned to realise our vision to become a World-Class Agribusiness Group. This vision is aligned with the nation’s ambition as well as the Food and Agriculture Organisation’s call to address the 21st century global food security challenge.

”

www.fgvholdings.com

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Statement On Directors' Responsibility

THE DIRECTORS ARE REQUIRED BY THE COMPANIES ACT 2016 (ACT) TO PREPARE FINANCIAL STATEMENTS FOR EACH FINANCIAL YEAR WHICH GIVE A TRUE AND FAIR VIEW OF THE FINANCIAL POSITION OF THE GROUP AND OF THE COMPANY AT THE END OF THE FINANCIAL YEAR AND OF THE FINANCIAL PERFORMANCE AND CASH FLOWS OF THE GROUP AND OF THE COMPANY FOR THE FINANCIAL YEAR. AS REQUIRED BY THE ACT AND THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD, THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020, HAVE BEEN PREPARED IN ACCORDANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS, INTERNATIONAL FINANCIAL REPORTING STANDARDS AND THE REQUIREMENTS OF THE ACT.

The Directors consider that in preparing the Financial Statements for the financial year ended 31 December 2020 set out on pages 12 to 190, the Group and the Company have applied the appropriate accounting policies on a consistent basis and supported by reasonable and prudent judgments and estimates.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and of the Company to enable the Directors to ensure that the Financial Statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. This Statement was made in accordance with a resolution of the Board of Directors dated 31 March 2021.

Directors' Report

The Directors hereby submit the annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Wira Azhar Abdul Hamid	(Chairman)
Dato' Yusli Mohamed Yusoff	(Deputy Chairman)
Datuk Mohd Anwar Yahya	
Datin Hoi Lai Ping	
Dr. Mohamed Nazeeb P. Alithambi	
Dr. Nesadurai Kalanithi	
Dr. Zunika Mohamed	
Dato' Amiruddin Abdul Satar	(Appointed on 26 October 2020)
Dato' Shahrol Anuwar Sarman	(Appointed on 17 November 2020)
Dato' Dr. Othman Omar	(Resigned on 26 October 2020)
Mohd Hassan Ahmad	(Resigned on 31 October 2020)
Dato' Dr. Noor Zari Hamat	(Resigned on 22 January 2020)

The Company was granted a relief by Companies Commission of Malaysia from disclosing the names of the Directors of the Company's subsidiaries in this report as required under Section 253(2) of Companies Act 2016 in Malaysia. The names of the Directors of the subsidiaries are set out in the respective subsidiaries' Directors' Report and the Board deems such information as included herein by such reference and shall form part hereof.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company with investments primarily in oil palm plantation and its related downstream activities, sugar refining, trading, logistics, marketing, rubber processing, research and development activities and related agribusiness activities. The principal activities of the subsidiaries are stated in Note 24 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit attributable to Owners of the Company	146,156	212,086
Non-controlling interests	(11,963)	-
Profit for the financial year	134,193	212,086

Directors' Report

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 31 December 2019 are as follows:

	RM'000
In respect of the financial year ended 31 December 2019:	
- Final single tier dividend of 2.0 sen per share, paid on 15 July 2020	72,963

On 26 February 2021, the Board of Directors agreed to declare the payment of a final single tier dividend of 3.0 sen per ordinary share amounting to RM109.44 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

LONG TERM INCENTIVE PLAN

The Company established a long term incentive plan ("LTIP") in the form of employee share grant scheme which is governed by the By-Laws which was approved on 3 February 2016.

Pursuant to the LTIP, the Company shall award the grant of up to 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the LTIP, to the employees of the Company and its subsidiaries ("Group") and Executive Director of the Company who fulfil the eligibility criteria as eligible employees and is administered by the LTIP Committee.

The LTIP comprises restricted share ("RS") grant and performance share ("PS") grant which shall be in force for a period of 10 years commencing from 3 February 2016, being the effective date of the implementation of the LTIP.

Details of the LTIP are disclosed in Note 54 to the financial statements.

During the current and previous financial year, no RS under the LTIP was granted to eligible employees of the Group. Subject to the terms and conditions of the By-Laws, the employees shall be awarded of ordinary shares in the Company, after meeting the vesting conditions as set out in the letter of offer for the shares under the LTIP.

The RS granted on 1 June 2018 had a three years vesting period and had fully vested or forfeited as at 31 December 2020.

DIRECTORS' BENEFITS

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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Directors' Report

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

Shareholdings in FGV Holdings

	Number of ordinary shares				
	At 1.1.2020	Acquired	Vested	(Disposed)	At 31.12.2020
Datuk Wira Azhar Abdul Hamid	1,000,000	-	-	(1,000,000)	-
Dr. Mohamed Nazeeb P. Alithambi	7,000	-	-	-	7,000

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 13 to the financial statements.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 14 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and Officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group. The total amount of insurance premium paid by the Group during the financial year amounted to RM1,850,500 (2019: RM1,130,000).

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Notes 8, 9, 20, 24, 29 and 59 to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made, other than as disclosed in Note 60 to the financial statements.

ULTIMATE HOLDING COMPANY

As disclosed in Note 59(xii), following the unconditional mandatory take over offer from Federal Land Development Authority ("FELDA") and subsequent to the completion of the acquisition of 283,710,100 of the Company shares from Urusharta Jamaah Sdn. Bhd. and 222,480,700 of the Company shares from Kumpulan Wang Persaraan (Diperbadankan) on 24 December 2020, the shareholding of FELDA in the Company increased to approximately 35.12% and the collective shareholding of the FELDA and the Persons Acting in Concerts in FELDA increased to approximately 50.49%. Consequently, FELDA is deemed as the ultimate holding company of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 31 March 2021. Signed on behalf of the Board of Directors:



DATUK WIRA AZHAR ABDUL HAMID
CHAIRMAN



DATUK MOHD ANWAR YAHYA
DIRECTOR

Kuala Lumpur

Statement By Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Wira Azhar Abdul Hamid and Datuk Mohd Anwar Yahya, two of the Directors of FGV Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 12 to 190 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 31 March 2021.



DATUK WIRA AZHAR ABDUL HAMID
CHAIRMAN



DATUK MOHD ANWAR YAHYA
DIRECTOR

Kuala Lumpur

Statutory Declaration

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Dato' Mohd Hairul Abdul Hamid, the Officer primarily responsible for the financial management of FGV Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 190 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



DATO' MOHD HAIRUL ABDUL HAMID
MIA membership no. 14173

Subscribed and solemnly declared by the abovenamed Dato' Mohd Hairul Abdul Hamid in Kuala Lumpur on 31 March 2021, before me.

Lot 333, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur



COMMISSIONER FOR OATHS

Independent Auditors' Report

TO THE MEMBERS OF FGV HOLDINGS BERHAD
(Incorporated in Malaysia)
(Company No. No. 200701042133 (800165-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Holdings Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 190.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

TO THE MEMBERS OF FGV HOLDINGS BERHAD
(Incorporated in Malaysia)
(Company No. No. 200701042133 (800165-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to report for the Company for the current financial year.

Key audit matters	How our audit addressed the key audit matters						
<p>Land Lease Agreement ("LLA") liability assessment</p> <p>As at 31 December 2020, the LLA liability for the Group amounted to RM4.2 billion.</p> <p>We focused on this area as the fair value of the LLA liability is determined based on cash flows projections, which require significant estimates made by management on the assumptions used in the calculations, in particular, prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK"), Fresh Fruit Bunches ("FFB") yield, mature and immature estate costs.</p> <p>Refer to Note 3(i) in the significant accounting policies, Note 5(i) in the critical accounting estimates and judgements and Note 48 to the financial statements.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • We checked the appropriateness of fair value model used. We also assessed the reasonableness of management's key assumptions used in the cash flows projections comprising prices of CPO and PK, FFB yield and mature and immature estate costs, by comparing against those used in business plans, historical data and industry trend; • We evaluated the reliability of management's cash flows projections by comparing the actual past financial performance against previous forecasted results; • We examined sensitivity analysis performed by management on the discount rate, prices of CPO and PK, FFB yield, mature and immature estate costs to evaluate the impact on the LLA liability; and • We assessed the adequacy of the disclosures in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>						
<p>Goodwill impairment assessment</p> <p>As at 31 December 2020, the Group's carrying value of goodwill of RM809.1 million comprised goodwill in relation to sugar business in Malaysia of RM576.2 million, palm upstream operations in Malaysia of RM226.8 million and other operations of RM6.0 million.</p> <p>Goodwill is subject to annual impairment testing. We focused on this area as the determination of recoverable amounts of the assets in the Cash Generating Units ("CGUs") based on discounted cash flows projections prepared by management, involved a significant degree of judgement in determining the following key assumptions:</p> <table border="1"> <thead> <tr> <th>Business</th><th>Key assumptions</th></tr> </thead> <tbody> <tr> <td>Sugar business</td><td>Selling price and sales volume, raw sugar price and terminal value growth rate.</td></tr> <tr> <td>Palm upstream operations</td><td>CPO price, PK price, FFB yield and mature and immature estate costs</td></tr> </tbody> </table> <p>The goodwill on other CGU of RM6.0 million is not material to the Group.</p> <p>Refer to Note 3(d) in the significant accounting policies, Note 5(ii) in the critical accounting estimates and judgements and Note 23 to the financial statements.</p>	Business	Key assumptions	Sugar business	Selling price and sales volume, raw sugar price and terminal value growth rate.	Palm upstream operations	CPO price, PK price, FFB yield and mature and immature estate costs	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed the reliability of management's projections through the comparison of actual past financial performances against previous forecasted results; • We assessed the reasonableness of the key assumptions, which were used by management in developing the discounted cash flows projections, by comparing against historical data and industry trends; • We examined the sensitivity analysis performed by management on the key assumptions listed in the above table for the respective businesses and also the discount rates used to evaluate the impact on the impairment assessment; and • We assessed the adequacy and reasonableness of the disclosures in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>
Business	Key assumptions						
Sugar business	Selling price and sales volume, raw sugar price and terminal value growth rate.						
Palm upstream operations	CPO price, PK price, FFB yield and mature and immature estate costs						

Independent Auditors' Report

TO THE MEMBERS OF FGV HOLDINGS BERHAD
(Incorporated in Malaysia)
(Company No. No. 200701042133 (800165-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessments of non-financial assets with impairment indicators</p> <p>Management performed impairment assessments of the non-financial assets of the Group, which had impairment indicators. As a result, impairment losses of RM242.1 million for FGV Group's property, plant and equipment and right-of-use assets were recognised during the financial year ended 31 December 2020.</p> <p>We focused on this area as the recoverable amounts of the non-financial assets are determined based on discounted cash flows projections, which require judgement on the part of management on the future financial performance and the business plan of those businesses.</p> <p>Refer to Note 3(o) in the significant accounting policies, Note 5(iii) in the critical accounting estimates and judgements and Notes 20 and 21 to the financial statements.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • We evaluated the reliability of management's cash flows projections through the review of past trends of actual financial performances against previous forecasted cash flows; • We assessed the reasonableness of the key assumptions, which were used by management in developing the discounted cash flows projections, by comparing against historical data and industry trends; • We examined the sensitivity analysis performed by management on the key assumptions listed above and also the discount rates used to evaluate the impact on the impairment assessment; and • We assessed the adequacy and reasonableness <p>Based on the above procedures performed, we noted no significant exceptions.</p>

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 Company's Corporate Information, Statement from the Chairman, Message from the Group Chief Executive Officer, Management Discussion and Analysis (including Performance by Sector), Corporate Governance Overview Statement, Statement of Risk Management and Internal Control, Directors' Report, and other sections of the 2020 Annual Integrated Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

TO THE MEMBERS OF FGV HOLDINGS BERHAD
(Incorporated in Malaysia)
(Company No. No. 200701042133 (800165-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

TO THE MEMBERS OF FGV HOLDINGS BERHAD
(Incorporated in Malaysia)
(Company No. No. 200701042133 (800165-P))

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 24 to the financial statements.

OTHER MATTERS

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



PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants



AZIZAN BIN ZAKARIA
02930/05/2022 J
Chartered Accountant

Kuala Lumpur
31 March 2021

Statements of Profit or Loss

For The Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	6	14,075,712	13,259,012	358,704	629,111
Cost of sales		(12,501,668)	(12,049,310)	(93,289)	(106,759)
Gross profit		1,574,044	1,209,702	265,415	522,352
Other operating income	7	132,499	100,391	65,364	4,817
Selling and distribution costs		(114,671)	(149,908)	-	-
Administrative expenses		(774,343)	(861,554)	(46,347)	(48,616)
Reversal of impairment/ (impairment) of financial assets (net)	8	7,793	(86,300)	618	(5,308)
(Impairment)/reversal of impairment of non-financial assets (net)	9	(242,074)	(168,262)	-	739
Other operating expenses	10	(22,697)	(3,558)	(6,581)	(393,627)
Other losses, net	11	(116,034)	(234,499)	-	-
Operating profit/(loss)		444,517	(193,988)	278,469	80,357
Finance income	12	39,612	25,085	-	-
Finance costs	12	(161,872)	(183,158)	(57,335)	(132,246)
Share of results from associates	25	366	(1,625)	-	-
Share of results from joint ventures	26	23,441	14,858	-	-
Profit/(loss) before zakat and taxation		346,064	(338,828)	221,134	(51,889)
Zakat	15	(16,300)	(6,397)	-	-
Taxation	16	(195,571)	(25,931)	(9,048)	(28,205)
Profit/(loss) for the financial year	13	134,193	(371,156)	212,086	(80,094)
Profit/(loss) attributable to:					
Owners of the Company		146,156	(246,174)	212,086	(80,094)
Non-controlling interests		(11,963)	(124,982)	-	-
		134,193	(371,156)	212,086	(80,094)
Earnings per share ("EPS") attributable to owners of the Company					
Basic and diluted EPS (sen)	18	4.0	(6.7)	-	-

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(loss) for the financial year	134,193	(371,156)	212,086	(80,094)
Other comprehensive (loss)/income:				
Items that will not be reclassified to profit or loss				
Actuarial (loss)/gain on defined benefit plan	(4,333)	(5,602)	(47)	140
Fair value changes in financial assets at fair value through other comprehensive income	47,406	13,176	-	-
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	(19,072)	(9,059)	-	-
Realisation of foreign exchange reserve upon disposal of assets held for sale	(4,342)	-	-	-
Realisation of foreign exchange reserve upon disposal of a subsidiary	-	(3,658)	-	-
Share of other comprehensive income/(loss) of an associate	3	(1,056)	-	-
Share of other comprehensive loss of joint ventures	(4,865)	(38,606)	-	-
Cash flow hedge reserve	(4,241)	(5,528)	-	-
	(32,517)	(57,907)	-	-
Total other comprehensive income/(loss) for the financial year, net of tax	10,556	(50,333)	(47)	140
Total comprehensive income/(loss) for the financial year	144,749	(421,489)	212,039	(79,954)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	161,681	(292,355)	212,039	(79,954)
Non-controlling interests	(16,932)	(129,134)	-	-
	144,749	(421,489)	212,039	(79,954)

Statements of Financial Position

As At 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	20	7,810,463	8,190,118	9,407	10,600
Right-of-use assets	21	2,299,579	2,213,761	29,075	33,436
Investment properties	22	93,789	106,049	12,183	13,065
Intangible assets	23	958,289	969,754	18,207	25,411
Investment in subsidiaries	24	-	-	8,493,027	8,424,764
Interests in associates	25	38,058	39,757	-	-
Interests in joint ventures	26	441,546	437,064	-	-
Receivables	27	136,078	86,736	-	-
Amount due from ultimate holding company	29	12,455	52,276	-	-
Amounts due from joint ventures	29	-	1,017	-	-
Amounts due from other related companies	29	-	12,218	-	-
Amounts due from subsidiaries	29	-	-	659,455	634,340
Deferred tax assets	51	526,672	651,301	-	-
Financial assets at fair value through other comprehensive income	31	144,251	107,434	-	-
Loans due from joint ventures	32	-	-	-	-
		12,461,180	12,867,485	9,221,354	9,141,616
<u>Current assets</u>					
Inventories	33	1,192,616	1,313,037	-	-
Biological assets	34	57,001	45,766	-	-
Receivables	27	1,410,955	1,213,217	10,337	16,753
Contract assets	28	27,880	28,417	-	-
Amount due from ultimate holding company	29	62,440	70,375	20	20
Amounts due from subsidiaries	29	-	-	116,438	440,128
Amounts due from joint ventures	29	26,908	148,011	-	-
Amounts due from other related companies	29	63,660	76,618	711	224
Loans due from subsidiaries	35	-	-	368,886	62,600
Tax recoverable		33,539	51,264	-	-
Financial assets at fair value through profit or loss	36	68,201	58,940	-	-
Derivative financial assets	30	14,061	18,388	-	-
Deposits, cash and bank balances	37	1,729,194	1,617,622	20,073	9,187
		4,686,455	4,641,655	516,465	528,912
Assets held for sale	38	31,866	192,499	-	-
		4,718,321	4,834,154	516,465	528,912
Total assets		17,179,501	17,701,639	9,737,819	9,670,528

Statements of Financial Position

As At 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
<u>Capital and reserves</u>					
Share capital	39	7,029,889	7,029,889	7,029,889	7,029,889
Treasury shares	40	(518)	(302)	(518)	(302)
Foreign exchange reserve	41	26,497	52,218	-	-
Reorganisation reserve	42	(3,089,497)	(3,089,497)	-	-
Other reserves	43	10,624	(20,682)	-	-
Retained earnings		284,708	201,575	239,455	100,379
Equity attributable to owners of the Company		4,261,703	4,173,201	7,268,826	7,129,966
Non-controlling interests		1,838,504	1,927,099	-	-
Total equity		6,100,207	6,100,300	7,268,826	7,129,966
<u>Non-current liabilities</u>					
Borrowings	44	773,182	766,054	-	-
Lease liabilities	45	358,036	258,957	28,702	32,064
Loans due to ultimate holding company	46	882,866	883,176	882,866	883,176
Loans due to subsidiaries	47	-	-	1,283,922	1,324,884
Land lease agreement ("LLA") liability	48	3,881,584	4,063,332	-	-
Derivative financial liabilities	30	10,163	5,166	-	-
Provision for asset retirement	49	32,358	32,124	-	-
Provision for defined benefit plan	50	67,492	87,801	877	1,706
Deferred tax liabilities	51	635,501	671,954	-	-
Payables	52	15,196	12,000	-	-
		6,656,378	6,780,564	2,196,367	2,241,830

Statements of Financial Position

As At 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES (CONTINUED)					
<u>Current liabilities</u>					
Payables	52	1,049,465	906,970	50,976	39,397
Contract liabilities	53	104,168	77,623	-	-
Loans due to ultimate holding company	46	3,322	3,322	3,322	3,322
Loans due to subsidiaries	47	-	-	121,537	152,228
Amount due to ultimate holding company	29	265,984	216,558	1,179	1,128
Amount due to an associate	29	494	485	-	-
Amounts due to subsidiaries	29	-	-	14,289	23,476
Amounts due to other related companies	29	1,374	1,604	69	561
Derivative financial liabilities	30	929	29,266	-	-
Borrowings	44	2,633,582	3,254,504	75,080	75,080
Lease liabilities	45	27,790	41,838	3,363	3,363
Provision for asset retirement	49	643	655	-	-
Current tax liabilities		2,925	34,520	2,811	177
LLA liability	48	332,240	252,814	-	-
		4,422,916	4,820,159	272,676	298,732
Liabilities related to assets held for sale	38	-	616	-	-
		4,422,916	4,820,775	272,676	298,732
Total liabilities		11,079,294	11,601,339	2,468,993	2,540,562
Total equity and liabilities		17,179,501	17,701,639	9,737,819	9,670,528

Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2020

Group	Note	Share capital (Note 39) RM'000	Treasury shares (Notes 40) RM'000	Foreign exchange reserve (Note 41) RM'000	Reorganisation reserve (Note 42) RM'000	Other reserves (Note 43) RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
2020										
At 1 January 2020		7,029,889*	(302)	52,218	(3,089,497)	(20,682)	201,575	4,173,201	1,927,099	6,100,300
Profit for the financial year		-	-	-	-	-	146,156	146,156	(11,963)	134,193
Other comprehensive (loss)/income for the financial year, net of tax:										
<u>Items that will not be reclassified to profit or loss</u>										
- actuarial loss on defined benefit plan		-	-	-	-	-	(4,067)	(4,067)	(266)	(4,333)
- fair value changes in financial assets at fair value through other comprehensive income ("FVOCI")		-	-	-	-	47,476	-	47,476	(70)	47,406
- realisation of other comprehensive income reserves upon disposal of a FVOCI investment		-	-	-	-	(14,007)	14,007	-	-	-
<u>Items that may be subsequently reclassified to profit or loss</u>										
- currency translation differences		-	-	(16,517)	-	-	-	(16,517)	(2,555)	(19,072)
- realisation of foreign exchange reserve upon disposal of assets held for sale		-	-	(4,342)	-	-	-	(4,342)	-	(4,342)
- share of other comprehensive loss of joint ventures		-	-	(4,865)	-	-	-	(4,865)	-	(4,865)
- share of other comprehensive income of an associate		-	-	3	-	-	-	3	-	3
- cash flow hedge reserve		-	-	-	-	(2,163)	-	(2,163)	(2,078)	(4,241)
		-	-	(25,721)	-	(2,163)	-	(27,884)	(4,633)	(32,517)
Total comprehensive (loss)/income for the financial year		-	-	(25,721)	-	31,306	156,096	161,681	(16,932)	144,749
<u>Transactions with owners</u>										
Treasury shares		-	(2,620)	-	-	-	-	(2,620)	-	(2,620)
Employee share grant		-	-	-	-	2,404	-	2,404	-	2,404
Transfer to LTIP reserve		-	2,404	-	-	(2,404)	-	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	-	-	2,676	2,676
Accretion of interest in subsidiaries		-	-	-	-	-	-	-	1,076	1,076
Disposal of a subsidiary		-	-	-	-	-	-	-	16,446	16,446
Dividends paid for the financial year ended 31 December 2019 (final)	17	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(91,861)	(91,861)
Total transactions with owners		-	(216)	-	-	-	(72,963)	(73,179)	(71,663)	(144,842)
At 31 December 2020		7,029,889*	(518)	26,497	(3,089,497)	10,624	284,708	4,261,703	1,838,504	6,100,207

Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2020 (continued)

Group	Note	Share capital (Note 39) RM'000	Treasury shares (Notes 40) RM'000	Foreign exchange reserve (Note 41) RM'000	Reorganisation reserve (Note 42) RM'000	Other reserves (Note 43) RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
2019										
At 1 January 2019		7,029,889	(705)	103,551	(3,089,497)	(31,003)	452,918	4,465,153	2,138,628	6,603,781
Profit for the financial year		-	-	-	-	-	(246,174)	(246,174)	(124,982)	(371,156)
Other comprehensive (loss)/income for the financial year, net of tax:										
Items that will not be reclassified to profit or loss										
- actuarial loss on defined benefit plan		-	-	-	-	-	(5,169)	(5,169)	(433)	(5,602)
- fair value changes in financial assets at fair value through other comprehensive income ("FVOCI")		-	-	-	-	13,140	-	13,140	36	13,176
Items that may be subsequently reclassified to profit or loss										
- currency translation differences		-	-	(8,013)	-	-	-	(8,013)	(1,046)	(9,059)
- realisation of foreign exchange reserve upon disposal of subsidiary		-	-	(3,658)	-	-	-	(3,658)	-	(3,658)
- share of other comprehensive loss of joint ventures		-	-	(38,606)	-	-	-	(38,606)	-	(38,606)
- share of other comprehensive loss of an associate		-	-	(1,056)	-	-	-	(1,056)	-	(1,056)
- cash flow hedge reserve		-	-	-	-	(2,819)	-	(2,819)	(2,709)	(5,528)
		-	-	(51,333)	-	(2,819)	-	(54,152)	(3,755)	(57,907)
Total comprehensive (loss)/income for the financial year										
		-	-	(51,333)	-	10,321	(251,343)	(292,355)	(129,134)	(421,489)
Transactions with owners										
Treasury shares		-	(3,186)	-	-	-	-	(3,186)	-	(3,186)
Employee share grant		-	-	-	-	3,589	-	3,589	-	3,589
Transfer to LTIP reserve		-	3,589	-	-	(3,589)	-	-	-	-
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(82,395)	(82,395)
Total transactions with owners		-	403	-	-	-	-	403	(82,395)	(81,992)
At 31 December 2019		7,029,889*	(302)	52,218	(3,089,497)	(20,682)	201,575	4,173,201	1,927,099	6,100,300

Statement of Changes in Equity

For The Financial Year Ended 31 December 2020

Company	Note	Non-distributable		Distributable		Total RM'000
		Share capital (Note 39) RM'000	Treasury shares (Note 40) RM'000	Other reserves (Note 43) RM'000	Retained earnings RM'000	
<u>2020</u>						
At 1 January 2020		7,029,889	(302)	-	100,379	7,129,966
Profit for the financial year		-	-	-	212,086	212,086
Other comprehensive loss:						
<u>Items that will not be reclassified to profit or loss</u>		-	-	-	(47)	(47)
- actuarial loss on defined benefit plan						
Total comprehensive income for the financial year		-	-	-	212,039	212,039
<u>Transactions with owners</u>		-	(2,620)	-	-	(2,620)
Treasury shares		-		672	-	672
Employee share grant		-	-	1,732	-	1,732
Recharge to subsidiaries		-	2,404	(2,404)	-	-
Transfer to LTIP reserve						
Dividends paid for the financial year ended 31 December 2019 (final)	17	-	-	-	(72,963)	(72,963)
Total transactions with owners		-	(216)	-	(72,963)	(73,179)
At 31 December 2020		7,029,889	(518)	-	239,455	7,268,826

Statement of Changes in Equity

For The Financial Year Ended 31 December 2020

Company	Note	Non-distributable		Distributable		Total RM'000
		Share capital (Note 39) RM'000	Treasury shares (Note 40) RM'000	Other reserves (Note 43) RM'000	Retained earnings RM'000	
<u>2019</u>						
At 1 January 2019		7,029,889	(705)	-	180,333	7,209,517
Loss for the financial year		-	-	-	(80,094)	(80,094)
Other comprehensive income:						
<u>Items that will not be reclassified to profit or loss</u>						
- actuarial loss on defined benefit plan		-	-	-	140	140
Total comprehensive loss for the financial year		-	-	-	(79,954)	(79,954)
<u>Transactions with owners</u>						
Treasury shares		-	(3,186)	-	-	(3,186)
Employee share grant		-	-	668	-	668
Recharge to subsidiaries		-	-	2,921	-	2,921
Transfer to LTIP reserve		-	3,589	(3,589)	-	-
Total transactions with owners		-	403	-	-	403
At 31 December 2019		7,029,889	(302)	-	100,379	7,129,966

Statements Of Cash Flows

For The Financial Year Ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the financial year	134,193	(371,156)	212,086	(80,094)
Adjustments for:				
Taxation	195,571	25,931	9,048	28,205
Zakat	16,300	6,397	-	-
Depreciation of property, plant and equipment	662,510	672,397	1,808	1,919
Impairment loss/(reversal of impairment) on property, plant and equipment (net)	221,769	159,802	-	(739)
Property, plant and equipment written off	34,332	14,486	-	1,155
(Gain)/loss on disposal of property, plant and equipment (net)	(4,119)	12	-	-
Depreciation of right-of-use assets	84,334	71,239	4,361	4,361
Impairment loss on right-of-use assets	20,305	8,281	-	-
Depreciation of investment properties	12,260	12,321	882	882
Amortisation of intangible assets	23,655	27,779	8,510	8,872
Intangible assets written off	-	2,173	-	-
Impairment loss on intangible assets	-	179	-	-
Gain on disposal of assets held for sale	(33,762)	-	-	-
Reversal of impairment on amount due from ultimate holding company	(13,341)	(27,860)	-	-
Impairment loss on amounts due from joint ventures	4,000	89,669	-	-
Reversal of impairment on amounts due from other related companies	(24)	(30,440)	-	-
Impairment loss on loans due from joint ventures	-	47,171	-	-
(Reversal of impairment)/impairment loss on amounts due from subsidiaries	-	-	(813)	4,246
Impairment loss on loan due from a subsidiary	-	-	-	1,062
(Reversal of impairment)/impairment loss of investment in subsidiaries, net	-	-	(54,200)	336,922
Impairment loss on contract assets	1,551	-	-	-
(Gain)/loss on disposal of a subsidiary	-	(219)	-	56,415
Balance carried forward	1,359,534	708,162	181,682	363,206

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Balance carried forward	1,359,534	708,162	181,682	363,206
Realisation of foreign exchange upon disposal of assets held sale	(4,342)	-	-	-
Realisation of foreign exchange upon disposal of a subsidiary	-	(3,658)	-	-
Loss on disposal of an associate	-	1,413	-	-
Impairment loss of receivables (net)	1,572	7,760	195	-
Write down of inventory	3,589	2,379	-	-
Share of results from associates	(366)	1,625	-	-
Share of results from joint ventures	(23,441)	(14,858)	-	-
Net unrealised foreign exchange loss/(gain)	7,326	(2,685)	59	363
Dividends from subsidiaries	-	-	(239,899)	(417,100)
Dividend income from financial assets through other comprehensive income	(2,814)	(1,394)	-	-
Finance costs	161,872	183,158	57,335	132,246
Finance income	(39,612)	(25,085)	(44)	(256)
Other losses, net	127,282	237,817	-	-
Fair value changes in biological assets (net)	(11,248)	(3,318)	-	-
Provision for defined benefit plan	(22,189)	16,163	(864)	369
Termination of lease contracts (net)	496	-	-	-
Unwinding of discount for provision for asset retirement	437	459	-	-
Provision for litigation loss	19,802	-	-	-
Provision for LTIP	2,404	3,589	672	668
Operating profit/(loss) before working capital changes	1,580,302	1,111,527	(864)	79,496
Changes in working capital:				
Inventories	115,808	734,032	-	-
Receivables	(211,182)	21,604	6,222	5,521
Intercompany	253,622	364,613	104,952	(186,596)
Payables	109,720	(271,265)	11,579	3,432
Cash generated from/(used in) operation	1,848,270	1,960,511	121,889	(98,147)
Finance income	39,612	25,085	44	256
Taxation paid	(118,340)	(109,501)	(6,414)	(160)
Zakat paid	(16,300)	(6,397)	-	-
Tax refunded	4,800	155,476	-	639
Retirement benefit paid	(2,363)	(17,057)	(12)	(617)
Payment for litigation loss	-	(32,674)	-	-
Net cash generated from/(used in) operating activities	1,755,679	1,975,443	115,507	(98,029)

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(435,536)	(620,894)	(615)	(2,043)
Purchase of right-of-use assets		-	(4,860)	-	-
Purchase of intangible assets		(3,337)	(3,262)	(1,306)	(2,219)
Additions of financial assets at fair value through other comprehensive income		(3,521)	(8,034)	-	-
Additions of financial assets at fair value through profit or loss (net)		(13,278)	(23,781)	-	-
Net cash inflow from disposal of subsidiaries		-	77,347	-	239,804
Net cash inflow from acquisition of subsidiaries	24	207	-	-	-
Additional investment in subsidiaries		(1,076)	-	(10,570)	(270,000)
Additional investment in a joint venture		(1,274)	(6,584)	-	-
Additional loans to subsidiaries		-	-	(434,437)	(305,249)
Repayment of loans from subsidiaries		-	-	128,151	248,586
Repayment of loans from joint ventures		-	22,510	-	-
Payment for asset retirement		(52)	(63)	-	-
Proceeds from disposal of property, plant and equipment		4,830	385	-	-
Proceeds from disposal of assets held for sale		54,522	-	-	-
Proceeds from disposal of an associate		-	29,000	-	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		14,007	-	-	-
Proceeds from sales of financial assets at fair value through profit or loss (net)		-	8,731	-	-
Dividends received from subsidiaries		-	-	422,399	234,500
Dividends received from joint ventures		16,401	42,895	-	-
Dividends received from associates		3,437	1,167	-	-
Dividends received from financial assets at fair value through other comprehensive income		2,814	1,394	-	-
Net cash (used in)/generated from investing activities		(361,856)	(484,049)	103,622	143,379

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loans due to ultimate holding company		(310)	(272,605)	(310)	(272,605)
(Repayment)/drawdown of loans from subsidiaries		-	-	(71,653)	372,203
Drawdown of borrowings		8,959,653	4,474,502	-	-
Repayment of borrowings		(9,586,469)	(4,699,230)	-	(9,800)
Payments of lease liabilities		(43,676)	(39,121)	(5,019)	(5,025)
Repayment of LLA liability		(260,812)	(248,683)	-	-
Dividends paid to shareholders		(72,963)	-	(72,963)	-
Dividends paid to non-controlling interests		(91,861)	(82,395)	-	-
Finance expense paid		(175,980)	(221,921)	(55,678)	(130,427)
Purchase of treasury shares		(2,620)	(3,186)	(2,620)	(3,186)
(Increase)/decrease in restricted cash		(14,562)	75,169	-	-
Net cash used in financing activities		(1,289,600)	(1,017,470)	(208,243)	(48,840)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		104,223	473,924	10,886	(3,490)
Effect of foreign exchange rate changes		(7,100)	(1,644)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,568,447	1,096,007	9,187	12,677
(Increase)/decrease in assets held for sale		(113)	160	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	37	1,665,457	1,568,447	20,073	9,187

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

Cash flows and non-cash changes in liabilities arising from financing activities are as follows:

Group	Non-cash changes								
	At 1 January 2020 RM'000	Drawdown* RM'000	Repayment# RM'000	Finance costs/		Lease additions/ termination (net) RM'000	Foreign exchange movement RM'000	Fair value movement RM'000	At 31 December 2020 RM'000
				interest accretion RM'000	Interest capitalisation RM'000				
2020									
Liabilities									
Islamic short term trade financing	2,775,418	7,922,199	(8,494,389)	40,897	30,982	-	-	-	2,275,107
Short term trade financing	299,338	891,446	(941,149)	9,101	-	-	(574)	-	258,162
Islamic term loans	873,893	159,604	(209,575)	47,780	1,793	-	-	-	873,495
Term loans	71,909	-	(75,001)	3,092	-	-	-	-	-
Total borrowings	4,020,558	8,973,249	(9,720,114)	100,870	32,775	-	(574)	-	3,406,764
Lease liabilities	300,795	-	(43,676)	18,667	-	110,346	(306)	-	385,826
LLA liability	4,316,146	-	(260,812)	-	-	-	-	158,490	4,213,824
Loans due to ultimate holding company	886,498	-	(42,645)	42,335	-	-	-	-	886,188
	9,523,997	8,973,249	(10,067,247)	161,872	32,775	110,346	(880)	158,490	8,892,602
Asset									
Restricted cash	(49,175)	-	(14,562)	-	-	-	-	-	(63,737)

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

Cash flows and non-cash changes in liabilities arising from financing activities are as follows: (continued)

Group	Non-cash changes							
	At 1 January 2020 RM'000	Drawdown* RM'000	Repayment# RM'000	Finance costs/ interest accretion RM'000	Interest capitalisation RM'000	Lease		At 31 December 2020 RM'000
						additions/ termination (net) RM'000	Foreign exchange movement RM'000	
2019								
Liabilities								
Islamic short term trade financing	2,587,372	3,769,296	(3,644,751)	18,343	45,158	-	-	2,775,418
Short term trade financing	451,541	633,297	(803,483)	16,809	-	-	1,174	299,338
Islamic term loans	1,204,614	-	(418,049)	78,099	9,229	-	-	873,893
Term loans	584	71,909	(9,667)	9,083	-	-	-	71,909
Total borrowings	4,244,111	4,474,502	(4,875,950)	122,334	54,387	-	1,174	4,020,558
Lease liabilities	294,080	-	(39,121)	15,623	-	30,213	-	300,795
LLA liability	4,328,008	-	(248,683)	-	-	-	-	4,316,146
Loans due to ultimate holding company	1,159,103	-	(317,806)	45,201	-	-	-	886,498
	10,025,302	4,474,502	(5,481,560)	183,158	54,387	30,213	1,174	9,523,997
Asset								
Restricted cash	(124,344)	75,169	-	-	-	-	-	(49,175)

Included in the repayment are finance expense paid amounted to RM175,980,000 (2019: RM221,921,000).

* Included in the drawdown is acquisition of subsidiary amounted to RM13,596,000 (2019: RM Nil)

The cash flows and non-cash changes arising from LLA liability is disclosed in Note 48 to the financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2020

Cash flows and non-cash changes in liabilities arising from financing activities are as follows: (continued)

Company	At January RM'000	Drawdown RM'000	Repayment # RM'000	Non-cash changes	At 31 December RM'000
				Finance costs/ interest accretion RM'000	
<u>2020</u>					
Loans due to subsidiaries	1,477,112	-	(84,113)	12,460	1,405,459
Loans due to ultimate holding company	886,498	-	(42,645)	42,335	886,188
Lease liabilities	35,427	-	(5,019)	1,657	32,065
Borrowings	75,080	-	(883)	883	75,080
	2,474,117	-	(132,660)	57,335	2,398,792
<u>2019</u>					
Loans due to subsidiaries	1,104,909	372,203	(83,889)	83,889	1,477,112
Loans due to ultimate holding company	1,159,103	-	(317,806)	45,201	886,498
Lease liabilities	38,633	-	(5,025)	1,819	35,427
Borrowings	84,880	-	(11,137)	1,337	75,080
	2,387,525	372,203	(417,857)	132,246	2,474,117

Included in the repayment are finance expense paid amounted to RM55,678,000 (2019: RM130,427,000).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

1 GENERAL INFORMATION

The Company is incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur.

The Company is principally an investment holding company with investments primarily in oil palm plantation and its related downstream activities, sugar refining, trading, logistics, marketing, rubber processing, research and development activities and related agribusiness activities. The principal activities of the subsidiaries are stated in Note 24 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The Group and the Company have taken into consideration COVID-19 pandemic impact and the current economic environment on the basis of preparation of the financial statements. The Directors of the Company continue to consider that it is appropriate to prepare the financial statements on the going concern basis.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period.

It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(i) The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The amendments listed above did not have significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group and Company:

Accounting pronouncements that are currently being assessed by the Directors:

Effective for annual periods beginning on or 1 June 2020 with earlier application permitted

- Amendments to MFRS 16 'Covid-19-Related Rent Concessions'

Effective for annual periods beginning on or after 1 January 2021

- Interest Rate Benchmark Reform – Phase 2 - Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

2 BASIS OF PREPARATION (CONTINUED)

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group and Company: (continued)

Accounting pronouncements that are currently being assessed by the Directors: (continued)

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases: Lease Incentives
- Annual improvements to MFRS 141 "Taxation in Fair Value Measurements"
- Annual improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'
- Reference to the Conceptual Framework - Amendments to MFRS 3

Effective annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of liabilities as current and non-current'
- Disclosure of Accounting Policies - Amendments to MFRS 101 and MFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to MFRS 108

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of consolidation and investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of financial year. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interests. The Group recognises any non-current controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and investment in subsidiaries (continued)

Acquisition accounting (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 3(d)).

Predecessor accounting

Acquisitions of subsidiaries and businesses under common control that meet the conditions of a merger are accounted for using the predecessor basis of accounting. The acquisitions of Felda Global Ventures Indonesia Sdn. Bhd. ("FGVI"), Felda Global Ventures North America Sdn. Bhd. ("FGVNA") and plantation estates owned by Federal Land Development Authority ("FELDA") in prior financial years, which met the conditions of a merger have been accounted for using that basis.

Under the predecessor basis of accounting, the results of subsidiaries and businesses under common control are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit or debit difference is classified as reorganisation reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences or other reserves that relate to the subsidiary and is recognised in profit or loss.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the non-controlling interests.

In the Company's financial statements, investments in subsidiaries are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(h)).

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, associates and joint ventures over the Group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated statement of financial position as intangible assets, or if arising in respect of an associate or joint ventures, is included in investments in associates or joint ventures. Negative goodwill represents the total of consideration transferred, non-controlling interest recognised and previously held interest measured being less than where the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. See significant accounting policies Note 3(o) on impairment of non-financial assets.

(e) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investments in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

In the Company's financial statements, investments in associates are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investments in associates is assessed and written down immediately to its recoverable amount (Note 3(h)).

On disposal of the associates, the difference between net disposal proceeds and its carrying amount is charged/credited to profit or loss.

(f) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Joint ventures

The Group's interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint operations

In relation to the Group's interest in joint operations, the Group recognises its assets (including its share of any assets held jointly), liabilities (including its share of any liabilities incurred jointly), revenue from the sale of its share of the output arising from the joint operation (including share of the revenue from the sale of the output by the joint operation) and expenses (including its share of any expenses incurred jointly).

Where necessary, appropriate adjustments are made to the joint arrangements' financial statements to ensure consistency with the Group's accounting policies.

In the Company's financial statements, investments in joint arrangements are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(h)).

On disposal of a joint arrangement, the difference between net disposal proceeds and its carrying amount is charged/ credited to profit or loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue. Diluted EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue, assuming conversion of any outstanding RCPS and RCCPS into ordinary shares.

(h) Financial assets

Classification

The Group classifies its financial assets in the following categories:

- (i) those to be measured subsequently at fair value (either through profit or loss or other comprehensive income); and
- (ii) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Measurement (continued)

(i) Debt instruments (continued)

b) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss and impairment expenses are presented as separate line item in profit or loss.

c) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

(ii) Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

(i) Impairment for debt instruments and financial guarantee contracts

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group financial instruments that are subject to the ECL model are as follows:

- Receivables
- Loans and amounts due from intercompany
- Contract assets

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is deemed immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

(i) Impairment for debt instruments and financial guarantee contracts (continued)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

a) General 3-stage approach for other receivables, deposits, loans due from intercompany and non-trade amounts due from intercompany

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

b) Simplified approach for trade receivables, lease receivables, trade amounts due from intercompany and contract assets

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and contract assets.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

The credit risk assessment basis and credit risk rating of the debt instruments are disclosed in Note 4(a) to the financial statements.

(ii) Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

(ii) Significant increase in credit risk (continued)

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model as applicable.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(iii) Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

(iv) Groupings of instruments for ECL measurement

a) Collective assessment

To measure ECL, trade receivables and contract assets arising from the Group have been grouped based on the days past due and shared credit risk characteristics as follows:

- (i) Geographical region of customers
- (ii) Customer division
- (iii) Related company and external customers
- (iv) Other shared credit risks

The contract assets relate to amounts due from customers on contracts and unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

b) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Other receivables, loans and amounts due from intercompany and financial guarantee contracts are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

(v) Write-off

a) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses on the face of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

b) Other debt instruments

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(vi) Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.

(i) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, net of, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method except for the LLA liability and derivatives in a loss position which are measured at fair value through profit or loss.

For financial liabilities other than the LLA liability and derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Gains or losses arising from changes in fair value of the LLA liability and derivatives are recognised in profit or loss within other gains/losses, net. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial liabilities (continued)

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. See significant accounting policies Note 3(i) on borrowing costs. To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated cost of dismantling and removing the assets and restoring the site.

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

Major spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they are expected to be used during more than one period.

A bearer plant is a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The bearer plants of the Group are oil palm trees, rubber trees and mango trees. Immature bearer plants are measured at accumulated costs of planting of bearer plants, similar to accounting for a self-constructed item of property, plant and equipment. Bearer plants are classified as immature until the trees are available for harvest. At that point, bearer plants are measured at amortised cost and depreciated over their useful life.

Canine are bred and trained for security purposes. All direct costs for canine are accumulated until it matures. Subsequent to that, the costs that have been capitalised are amortised based on a straight line method over its expected useful productive life. The estimate maturity period for canine are 2 years old, having completed all required training and applying 8 years as the period of amortisation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Spare parts or servicing equipment recognised as property, plant and equipment would be depreciated over a period that does not exceed the useful life of the assets to which they relate. All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

<u>Property, plant and equipment</u>	<u>Estimated useful lives (years)</u>
Buildings, structures and renovations	3 to 60
Plant and machinery	3 to 30
Motor vehicles	3 to 30
Office equipment, tools and other equipment	2 to 33
Bearer plants	
- Oil palm	22, or the lease term if shorter
- Rubber trees	20, or the lease term if shorter
- Mango trees	25, or the lease term if shorter
- Livestock	5 to 8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Depreciation on property, plant and equipment ceases at the earlier of derecognition and classification as held for sale. Depreciation on assets under construction commences when the assets are ready for their intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in "other operating income" in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

(k) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Freehold land is not depreciated as it has an infinite life. All investment properties are depreciated on a straight line basis to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

<u>Investment properties</u>	<u>Estimated useful lives (years)</u>
Leasehold land	50 to 99
Buildings	20 to 50

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investment properties (continued)

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in "other operating income" in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives and intangible assets under development are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised using the straight line basis over their estimated useful lives as follows:

<u>Intangible assets</u>	<u>Estimated useful lives (years)</u>
Brand	20 to 26
Software	3 to 5
Land use rights	35
Others	18

Amortisation on intangible assets under development commences when the assets are ready for their intended use.

The nature of the intangible assets are as follows:

- (i) Brand relates to sugar brand 'Prai' and consumer brands 'Saji', 'Seri Pelangi', 'SunFlower', 'SunBear', and 'Yangambi' acquired as part of the acquisition of the related business.
- (ii) Software relates to information technology ("IT") used within the Group.
- (iii) Land use rights relates to oil palm plantations in Indonesia.
- (iv) Intangible assets under development relates to IT system under development.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Biological assets

Oil Palm

The Group attribute a fair value on the fresh fruit bunches ("FFB") at each statement of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO"). Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 15 days prior to harvest, the FFB prior to 15 days before harvesting are excluded in the valuation as the fair values are considered negligible.

The valuation model adopted by the Group is a discounted cash flows model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other cost to sell at the point of harvest.

(n) Inventories

Inventories which consist of commodities based products and their related derivatives are stated at the lower of cost and net realisable value. Cost is determined using the weighted average and first-in first-out basis.

The cost of raw materials comprises direct costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(o) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible asset not ready to use, are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impaired assets, except goodwill, are reviewed for possible reversal of impairment at each reporting date.

(p) Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as "haul (eligible period)".

Zakat expense is determined based on the Group's financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax

Tax expenses for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax is measured using the tax rates that have been enacted or substantially enacted at the statement of financial position date in the countries where the Group's subsidiaries, joint ventures and associates operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax benefits arising from reinvestment allowance and investment tax allowance is recognised when the tax credit is utilised.

(r) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional and presentation currency, and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Foreign currencies (continued)

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average rate (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in the foreign exchange reserve as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and long-term advances are taken to the foreign exchange reserve within equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

(s) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in profit or loss over the life of the related property, plant and equipment as a reduced depreciation expense.

(t) Revenue recognition

(i) Revenue from contracts with customers

Group's revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods and services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at point in time.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

(a) Plantation Sector comprising palm upstream, palm downstream, research, development and agri-services

In the palm upstream operations, the Group sells agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), palm kernel ("PK") and rubber products. In the palm downstream operations, the Group sells refined bleached deodorised oil (RBD), palm olein (PO) products, crude palm kernel oil (CPKO), packed product, fatty acids and glycerine, biodiesel and biomass generation (sale of electricity). In the research, development and agri-services operations, the Group sells fertilisers, seedlings, rat poison, agronomic services and others.

Revenue from sales of agriculture produce and goods from these operations is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customers, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customers receive and use the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are generally invoiced on a monthly basis and consideration is payable when invoiced.

Some contracts include multiple or bundled deliverables, such as the delivery of the goods on board vessels or tankers that are often bundled with freight services. In most cases, such delivery of goods is simple, does not include an integrated service, could be performed by another party and the customers can benefit from the sale of goods and freight services on its own or with the use of other resources. It is therefore accounted for as a separate performance obligation. There is no element of financing present as the sales is made with credit terms of up to 90 days. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include delivery of goods, revenue for the goods are recognised at a point in time when the goods are delivered, the legal title has passed and the customers have accepted the goods.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

The Group's revenue is categorised in three sectors: (continued)

(b) Sugar Sector

In the Sugar Sector, the Group sells refined sugar and molasses.

Revenue from sales of goods from the sugar operations is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(c) Logistics and Others Sector

In the Logistics and Others Sector, the Group provides bulking, freight, transportation which covers International Freight Forwarding ("IFF")/Multi-Modal Transport Operator ("MTO"), forwarding, courier and jetty operation services, storage, trading, travel and tours, computer hardware and software solutions, project management consultancy, tolling and toll pack services.

Revenue from sales of goods from these operations is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in the estimated revenue or cost is reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Customers are generally invoiced on a monthly basis and consideration is payable when invoiced.

Some contracts include multiple deliverables, such as the sale of hardware, software, maintenance, construction, training and related installation services. If these services require significant integration and highly interrelated to each other, there is no distinct separate performance obligation hence no allocation of transaction price is required. However, if each of these services is simple, does not include an integrated service and could be performed by another party, it is then accounted for as a separate performance obligations. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware or software, revenue for the hardware or software is recognised at a point in time when the hardware or software is delivered, the legal title has passed and the customer has accepted the hardware.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Sales with a right of return

When the customer has a right to return the goods within a given period, the Group is obliged to refund the purchase price. Revenue is adjusted for the expected value of the returns and cost of sales were adjusted for the value of the corresponding goods expected to be returned.

A refund liability for the expected refunds to customers is recognised as adjustment to revenue and correspondingly in trade and other payables. At the same time, the Group has a right to recover the goods from the customer where the customer exercises his right of return and recognises a refund asset and a corresponding adjustment to cost of sales. The refund asset is measured by reference to the former carrying amount of the product.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level using the expected value method. Because the number of goods returned has been steady for years, management assessed that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Expected volume rebates/incentives

Certain goods may be sold with volume rebates/incentives comprising distribution incentive, insurance rebate, distribution rebate and special sales incentives. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates/incentives.

Accumulated experience is used to estimate and provide for the rebates/incentives, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability for the expected volume rebates/incentives to customers in relation to sales made until the end of the reporting period is recognised as adjustment to revenue and correspondingly in trade and other payables.

Quality claims

The Group's obligation to provide quality claims against off-spec goods under the Group's standard contractual terms is recognised as a provision.

Receivables, contract asset and contract liabilities

A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract asset is the right to consideration in exchange for goods or services that the Group has transferred to the customers. A contract asset is recognised when the services rendered by the Group exceed the amount already billed.

Contract liability is the Group's obligation to transfer goods or services to customers. A contract liability is recognised when the Group has received the sales consideration in advance or billings or payments by the customers exceed the services rendered by the Group.

Contract cost

During the year, the Group has elected the practical expedient to recognise incremental cost incurred to obtain contract with period of less than one year as an expense when incurred.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and Company are as follows:

a) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

b) Finance income

Finance income is recognised using effective interest method.

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

c) Dividend income

Dividend income from investments are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

d) Compensation receivable

Compensation is estimated based on areas reclaimed by FELDA, recognised when vacant possession of the land is transferred.

(u) Dividend distribution

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the statement of financial position date.

(v) Deposits, cash and bank balances

Deposits, cash and bank balances includes cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases

The Group as a lessee

Leases are recognised as a right-of-use ("ROU") asset and a corresponding liability at the date at which the leased asset is available for use by the Group and Company.

(a) ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- decommissioning or restoration costs.

The ROU asset is depreciated over the shorter of the right-of-use asset's useful life and the lease term on a straight-line basis, as follows:

<u>ROU assets</u>	<u>Estimated useful lives (years)</u>
Leasehold land	50 to 933
Buildings, structures and renovations	3 to 60
Plant and machinery	3 to 30
Motor vehicles	3 to 30

The ROU assets are adjusted for any remeasurement of the lease liability.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

(b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date, if any;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option, if any; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, if any.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases (continued)

(b) Lease liabilities (continued)

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(c) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

(d) Reassessment of lease liabilities

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period.

(e) Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipments, office furnitures and water dispensers, which cost less than RM20,000 each if purchased new. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss (Note 21).

The Group and Company do not separate any non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group as a lessor

As a lessor, the Group 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 to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 8 on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases (continued)

The Group as a lessor (continued)

(b) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

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

(c) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

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

(x) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Defined benefit plan

A defined benefit plan is a retirement plan that defines an amount of retirement benefits to be paid, usually as a function of one or more factors such as age, years of service or compensation.

Certain companies within the Group operate non-funded defined benefit retirement plans. Under the plan, retirement benefits are determinable by reference to employees' earnings, designation and years of service and payable upon attaining the normal retirement age.

The liabilities in respect of defined benefit plans are the present value of the defined benefit obligations at the statement of financial position date less adjustments for actuarial gains/losses and unrecognised past service costs. The Group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the statement of financial position date.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits (continued)

(iii) Defined benefit plan (continued)

The defined benefit obligations, calculated using the projected unit credit method, are determined by independent actuaries, considering the estimated future cash outflows using market yields at statement of financial position date of government securities that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service costs, past service costs and finance costs are recognised in immediately in profit or loss.

(iv) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(v) Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the Group's employees. Employee services received in exchange for the grant of the Company's shares are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, the Group and the Company revise its estimates of the number of shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to equity.

The fair value of shares granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

(y) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

(z) Equity instruments

Ordinary shares and special share are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transactions are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Equity instruments (continued)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

When treasury shares are vested to employees or employees of subsidiaries as part of equity settled share based compensation plan, the derecognition of treasury shares is adjusted against the reserve in respect of the plan within equity.

(aa) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Management Committee (previously known as Executive Committee).

(ab) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 30 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'finance income/(costs)' and 'foreign exchange losses'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within 'finance income/(costs)' and 'foreign exchange losses'.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

When it is probable that costs will exceed total contract revenue, a provision for onerous contract is recognised.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ad) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups (a group of assets to be disposed of in a single transaction and liabilities directly associated with those assets) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on profit or loss. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Construction contracts

The Group provides various construction contract services, including construction of information technology and networking equipment and property and engineering services.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time as the Group's performance create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group recognises revenue over time using the input method, which is based on the level the proportion that the construction costs incurred to date bear to the estimated total costs for the construction contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages (LAD) payment, based on the expected value method.

Project management services

Revenue from project management fee is recognised upon performance of services.

(af) Fair value measurement

Fair value measurement prescribes that 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 assets, 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.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group is exposed to market risk (including foreign currency risk, equity price risk, commodity price risk and finance rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant derivative financial instruments to hedge the risk of such commercial exposure. Such derivative financial instruments are generally not held for trade or speculative purposes.

The Board of Directors has overall responsibility for the oversight of financial risk management which include risk identification, operational or strategic, and the subsequent action plans to manage these risks. Management is responsible for identifying, monitoring and managing the Group's risk exposures.

Market risk

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD") for the Group and Canadian Dollar ("CAD") for the Company. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities but excludes interest in foreign joint ventures and associates. The Group generally manages its currency exposure through foreign currency forward contracts.

Group

A 10% strengthening/weakening of the USD against the Malaysian Ringgit ("RM") at the date of statement of financial position would have a lower/higher impact to Group's loss after tax of approximately of RM11,331,000 (2019: RM3,399,000).

Company

A 10% strengthening/weakening of the CAD against the Malaysian Ringgit ("RM") at the date of statement of financial position would have a higher/lower impact to Company's loss after tax of approximately of RM114,000 (2019: higher/lower impact to Company's profit after tax of approximately of RM230,000).

The above exposure mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated deposits, cash and bank balances, trade receivables and payables and foreign exchange losses/gains on translation of foreign currency denominated borrowings. The analysis assumes that all other variables remain constant.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than finance or exchange rates).

Equity price risk

The Group is exposed to equity price risk arising from its investment in quoted and unquoted equity instruments. The quoted equity investments are listed on the Bursa Malaysia and foreign stock exchanges and classified as financial assets at fair value through other comprehensive income or financial asset at fair value through profit or loss based on the purpose for which the quoted equity investments were acquired. Unquoted investments are valued using the Price Earnings ("PE")/ Price to Book ("PB") comparative method and classified as financial assets at fair value through other comprehensive income. The sensitivity analysis in relation to equity price risk is as follows:

Group

		2020		2019	
Financial assets	Sensitivity factor	Impact to profit after tax	Impact to equity	Impact to profit after tax	Impact to equity
		RM'000	RM'000	RM'000	RM'000
Fair value through other comprehensive income:					
- unquoted	Comparable PE multiple and PB multiple variance by 5%	-	7,034	-	5,184
- quoted	Share price variance by 5%	-	178	-	187
Fair value through profit or loss					
- quoted	Share price variance by 5%	2,592	-	2,240	-
Total impact		2,592	7,212	2,240	5,371

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(ii) Price risk (continued)

Commodity price risk

The Group is exposed to commodity price risk since the prices of crude palm oil ("CPO") and their derivatives are subject to fluctuations due to unpredictable factors such as weather, changes in global demand and production, crude oil prices and global production of similar and competing crops.

Revenue of the Group is therefore subject to price fluctuations in the commodity market. The Group uses derivative contracts to mitigate a portion of such risks.

As at 31 December 2020, sensitivity analysis had been performed based on the Group's exposure to commodity prices as at settlement date for the Group's LLA liability and commodity derivative portfolios. A 10% increase in certain commodity price indexes or a RM200 increase in CPO prices assumed in calculating the LLA liability, with all other variables being held constant, would increase or decrease the Group's profit after tax, by type of significant commodity and financial liability, by approximately:

	2020 RM'000	2019 RM'000
- Palm oil	23,276	16,662
- LLA liability	(242,978)	(244,492)
Net decrease	(219,702)	(227,830)

A 10% decrease in certain commodity price indexes or a RM200 decrease in CPO prices assumed in calculating the LLA liability, with all other variables being held constant, would increase or decrease the Group's profit after tax, by type of significant commodity and financial liability, by approximately:

	2020 RM'000	2019 RM'000
- Palm oil	(23,276)	(16,662)
- LLA liability	262,404	262,960
Net decrease	239,128	246,298

(iii) Finance rate risk

The Group's finance rate risk mainly arises from LLA liability and borrowings issued at variable rates which expose the Group to cash flow finance rate risk.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

The finance rate profile of the Group's and Company's finance bearing financial assets, based on carrying amounts as at the end of the reporting period is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Financial assets</u>				
<u>At fixed rate</u>				
Fixed deposits	1,165,187	1,279,663	10,767	789
<u>At floating rate (exposed to cash flow finance rate risk)</u>				
Loans due from subsidiaries	-	-	368,886	62,600

The finance rate profile of the Group's and Company's finance bearing financial liabilities, based on carrying amounts as at the end of the reporting period is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Financial liabilities</u>				
<u>At fixed rate</u>				
Loans due to ultimate holding company	886,188	886,498	886,188	886,498
Loans due to subsidiaries	-	-	1,283,922	1,324,884
Islamic short term trade financing	2,275,107	2,775,418	75,080	75,080
Short term trade financing	258,162	299,338	-	-
	3,419,457	3,961,254	2,245,190	2,286,462
<u>At floating rate (exposed to cash flow finance rate risk)</u>				
LLA liability	4,213,824	4,316,146	-	-
Loans due to subsidiaries	-	-	121,537	152,228
Islamic term loans	873,495	873,893	-	-
Term loans	-	71,909	-	-
	5,087,319	5,261,948	121,537	152,228
	8,506,776	9,223,202	2,366,727	2,438,690

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

If discount rate on LLA liability increased/decreased by 50 basis points and finance rate on borrowings decreased/increased by 100 basis points with all other variables held constant, the loss after tax of the Group will increase by RM183,915,000 (2019: RM191,580,000) and decrease by RM116,712,000 (2019: RM121,526,000) respectively.

Other financial assets and financial liabilities are non-interest bearing, and therefore are not affected by changes in finance rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to from outstanding receivables.

The Group adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Receivables, amounts due from ultimate holding company, subsidiaries, an associate, joint ventures and other related companies exposure are closely monitored and continuously followed up.

The Group's and Company's deposits, cash and bank balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

(i) Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss (ECL) model include trade receivables, contract assets, other receivables, amounts due from intercompany, debt investments carried at amortised cost and FVOCI. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

a) Trade receivables, trade amounts due from intercompany and contract assets using simplified approach

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, trade amounts due from intercompany and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to amounts due from customers on contracts and unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within the current financial year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(i) Impairment of financial assets (continued)

a) Trade receivables, trade amounts due from intercompany and contract assets using simplified approach (continued)

During the current financial year, as a result of COVID-19 pandemic and the current economic condition, the Group and the Company have considered the moratorium period introduced by the Government including any other factors relevant in assessing the expected credit loss.

Trade amounts due from intercompany and trade receivables that are credit impaired are assessed for ECL on individual basis.

The trade amounts due from intercompany and trade receivables are categorised into the following categories for ECL purposes:

<u>Category</u>	<u>Group's definition of category</u>
Credit-impaired	Default amounts that meets the unlikeliness to pay criteria (Note 3(h)(iii))
Non-credit impaired	Amounts that are not credit-impaired, including amounts assessed based on collective assessments.

b) Other receivables, loans due from intercompany and non-trade amounts due from intercompany using general 3-stage approach

The Group uses three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories (3 stage approach). These financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

A summary of the assumptions underpinning the Group's ECL model is as follows:

<u>Category</u>	<u>Group's definition of category</u>	<u>Basis for recognising ECL</u>
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments where there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(i) Impairment of financial assets (continued)

- b) Other receivables, loans due from intercompany and non-trade amounts due from intercompany using general 3-stage approach (continued)

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL incorporating the methodology below:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off of financial assets are credited against the same line item.

(ii) Credit risk exposures

The maximum credit risk exposures for the financial assets equal to their respective carrying values after ECL. The details of ECL impact to the financial assets are disclosed in the respective financial assets' notes as applicable.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements by closely monitoring its cash flows. Due to the nature of its business, the Group has adopted prudent liquidity risk management in maintaining and obtaining sufficient credit facilities from financial institutions.

Cash flow forecasting is performed in the operating entities of the Group and then aggregated by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statements of financial position ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions. As at 31 December 2020, the Group has undrawn committed borrowing facilities amounting to RM911 million (2019: RM432 million).

Surplus cash is invested in profit bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining maturity periods at the reporting date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table below summaries the maturity profile of the Group's and Company's financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table below are based on contractual undiscounted cash flows:

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Group

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>At 31 December 2020</u>					
Loans due to ultimate holding company	42,646	42,646	924,311	-	1,009,603
LLA liability	321,173	302,779	922,704	42,872,198	44,418,854
Amount due to ultimate holding company	265,984	-	-	-	265,984
Amount due to an associate	494	-	-	-	494
Amounts due to joint ventures	1,374	-	-	-	1,374
Derivative financial liabilities	11,092	-	-	-	11,092
Borrowings	2,897,976	70,346	253,014	278,014	3,499,350
Lease liabilities	76,395	43,330	77,937	251,200	448,862
Payables	1,065,361	-	15,196	-	1,080,557
Total undiscounted financial liabilities	4,682,495	459,101	2,193,162	43,401,412	50,736,170
	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>At 31 December 2019</u>					
Loans due to ultimate holding company	42,646	42,646	966,957	-	1,052,249
LLA liability	333,192	328,409	1,011,701	44,842,116	46,515,418
Amount due to ultimate holding company	216,558	-	-	-	216,558
Amount due to an associate	485	-	-	-	485
Amounts due to joint ventures	1,604	-	-	-	1,604
Derivative financial liabilities	34,432	-	-	-	34,432
Borrowings	3,814,983	439,631	165,522	-	4,420,136
Lease liabilities	45,758	37,769	94,268	245,435	423,230
Payables	906,970	5,050	4,318	3,442	919,780
Total undiscounted financial liabilities	5,396,628	853,505	2,242,766	45,090,993	53,583,892

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Company

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>At 31 December 2020</u>					
Loans due to ultimate holding company	42,646	42,646	924,311	-	1,009,603
Loans due to subsidiaries	190,036	68,499	512,432	1,218,242	1,989,209
Amounts due to subsidiaries	14,289	-	-	-	14,289
Amount due to ultimate holding company	1,179	-	-	-	1,179
Amounts due to other related companies	69	-	-	-	69
Lease liabilities	5,234	5,527	17,365	9,627	37,753
Payables	50,976	-	-	-	50,976
Total undiscounted financial liabilities	304,429	116,672	1,454,108	1,227,869	3,103,078
	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>At 31 December 2019</u>					
Loans due to ultimate holding company	42,646	42,646	966,957	-	1,052,249
Loans due to subsidiaries	226,194	73,764	434,996	1,402,358	2,137,312
Amounts due to subsidiaries	23,476	-	-	-	23,476
Amount due to ultimate holding company	1,128	-	-	-	1,128
Amounts due to other related companies	561	-	-	-	561
Lease liabilities	5,025	5,234	16,812	15,706	42,777
Payables	39,397	-	-	-	39,397
Total undiscounted financial liabilities	338,427	121,644	1,418,765	1,418,064	3,296,900

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies

The Group's primary objectives on capital management policies are to safeguard the Group's ability to maintain healthy capital ratios to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2020 and 31 December 2019.

The Group considers its debts and total equity as capital and monitors capital using a gearing ratio, which is total debt divided by total equity. The Group includes borrowings, loans due to ultimate holding company and LLA liability within its total debt while loans due to subsidiaries are additionally included for the Company's total debt. Total equity includes share capital, treasury shares, reserves, retained earnings and non-controlling interests.

The gearing ratio analysis for the Group and the Company are as disclosed below:

Group

With LLA liability

	2020 RM'000	2019 RM'000
Borrowings	3,406,764	4,020,558
Loans due to ultimate holding company	886,188	886,498
LLA liability	4,213,824	4,316,146
Total debt	8,506,776	9,223,202
Total equity	6,100,207	6,100,300
Total capital with LLA liability	14,606,983	15,323,502
Gearing ratio	139%	151%

Without LLA liability

	2020 RM'000	2019 RM'000
Borrowings	3,406,764	4,020,558
Loans due to ultimate holding company	886,188	886,498
Total debt	4,292,952	4,907,056
Total equity	6,100,207	6,100,300
Total capital without LLA liability	10,393,159	11,007,356
Gearing ratio	70%	80%

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies (continued)

Group (continued)

Without LLA liability (continued)

The Group is required to comply with certain financial covenants for its major debts facilities, including:

- (i) consolidated net tangible position;
- (ii) consolidated net debt and financing to equity ratio;
- (iii) consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio; and
- (iv) consolidated finance payment cover ratio.

As at 31 December 2020, the Group had complied with all external financial covenants. The Group will continue to monitor and assess the compliance with the financial covenants for all borrowings on a regular basis.

Company

	2020 RM'000	2019 RM'000
Loans due to ultimate holding company	886,188	886,498
Loans due to subsidiaries	1,405,459	1,477,112
Borrowings	75,080	75,080
Total debt	2,366,727	2,438,690
Total equity	7,268,826	7,129,966
Total capital	9,635,552	9,568,656
Gearing ratio	33%	34%

There is no financial covenants imposed for the Company.

(c) Fair value estimation

Amounts that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2020 and 31 December 2019:

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
(i) Derivatives				
- Foreign currency forward contracts	-	9,561	-	9,561
- Commodities futures contracts	4,500	-	-	4,500
(ii) Trading securities	68,201	-	-	68,201
Financial assets at fair value through other comprehensive income	3,566	-	140,685	144,251
Total assets	76,267	9,561	140,685	226,513
<u>Liabilities</u>				
Financial assets at fair value through profit or loss:				
(i) LLA liability	-	-	4,213,824	4,213,824
(ii) Derivatives				
- Foreign currency forward contracts	-	929	-	929
- Islamic profit rate swap	-	10,163	-	10,163
Total liabilities	-	11,092	4,213,824	4,224,916
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
(i) Derivatives				
- Foreign currency forward contracts	-	18,388	-	18,388
(ii) Trading securities	58,940	-	-	58,940
Financial assets at fair value through other comprehensive income	3,748	-	103,686	107,434
Total assets	62,688	18,388	103,686	184,762

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Group (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>2019</u>				
<u>Liabilities</u>				
Financial assets at fair value through profit or loss:				
(i) LLA liability	-	-	4,316,146	4,316,146
(ii) Derivatives				
- Foreign currency forward contracts	-	11	-	11
- Islamic profit rate swap	-	5,166	-	5,166
- Commodities futures contracts	29,255	-	-	29,255
Total liabilities	29,255	5,177	4,316,146	4,350,578

The Company has no financial assets and liabilities that are measured at fair value at 31 December 2020 and 31 December 2019.

There were no transfers between Levels 1 and 2 during the financial year.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed in Bursa Malaysia Securities Berhad or foreign stock exchanges classified as trading securities or financial assets at fair value through other comprehensive income and commodity derivatives quoted on Malaysia Derivatives Exchange ("MDEX") for palm oil and other foreign commodity exchanges.

ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise foreign currency forward contracts and Islamic profit rate swap.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

(iii) Financial instruments in Level 3

The following table present the changes in recurring Level 3 financial instruments during the financial year:

	Group	
	2020 RM'000	2019 RM'000
<u>LLA liability</u>		
At 1 January	4,316,146	4,328,008
Fair value changes charged to profit or loss	158,490	236,821
Repayment during the financial year	(260,812)	(248,683)
At 31 December	4,213,824	4,316,146
<u>Financial assets at fair value through other comprehensive income</u>		
At 1 January	103,686	82,634
Additions	3,521	8,034
Disposal	(14,007)	-
Fair value changes	47,588	13,018
Currency translation differences	(103)	-
At 31 December	140,685	103,686

(d) Offsetting financial assets and financial liabilities

There are no offsetting of financial assets and financial liabilities during the financial year for the Group and Company.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) LLA liability

The fair value of the LLA liability is measured using a discounted cash flow projections based on financial budgets approved by the Directors covering a 91 year period. As a result of the fair value assessment, the Group has recognised a LLA liability of RM4,213,824,000 (2019: RM4,316,146,000). The key assumptions and the sensitivity analysis are as disclosed in Note 48 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

- (ii) Goodwill relating to sugar business and palm upstream operations in Malaysia

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of CGUs were determined based on the higher of fair value less cost to sell or value in use ("VIU") calculations. The fair value less cost to sell or VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on historical and industry trends, general market and economic conditions and other available information.

As a result of the impairment assessment, the Group did not recognise any impairment loss (2019: Nil) for goodwill relating to sugar business and palm upstream operations in Malaysia during the financial year. The key assumptions and the sensitivity analysis are as disclosed in Note 23(a) to the financial statements.

- (iii) Impairment of non-financial assets

Group

The Group tests its non-financial assets for impairment if there is any objective evidence of impairment. Management have assessed that certain non-financial assets may be potentially impaired or the existing impairment may be reversed. The recoverable amounts of these assets were determined based on the higher of fair value less cost to sell or VIU calculations. The fair value less cost to sell or VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on historical and industry trends, general market and economic conditions and other available information.

As a result of the assessment, the Group has recognised a net impairment of RM242,074,000 (2019: RM168,262,000) on certain property, plant and equipment and right-of-use assets. The key assumptions and the sensitivity analysis are as disclosed in Note 20 to the financial statements.

6 REVENUE

The Group and Company derive the following types of revenue:

Group

	2020 RM'000	2019 RM'000
Revenue from contracts with customers	14,050,706	13,213,947
Revenue from other sources	25,006	45,065
	14,075,712	13,259,012

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

6 REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers:

2020	Plantation RM'000	Sugar RM'000	Logistics and others RM'000	Corporate HQ RM'000	Total RM'000
Major goods and services:					
Sales of crude palm oil ("CPO")	5,476,835	-	-	-	5,476,835
Sales of refined bleached deodorised oil ("RBDO")	1,922,484	-	-	-	1,922,484
Sales of refined sugar and molasses	-	2,185,235	-	-	2,185,235
Sales of palm kernel ("PK")	313,565	-	-	-	313,565
Sales of fertiliser, packed products and others	1,515,324	-	-	-	1,515,324
Sales of fatty acids	861,156	-	-	-	861,156
Sales of rubber products	756,013	-	-	-	756,013
Sales of crude palm kernel oil ("CPKO")	341,988	-	-	-	341,988
Sales of biodiesel products	213,562	-	-	-	213,562
Services rendered	33,181	-	269,957	-	303,138
Sales of fresh fruit bunches ("FFB")	55,119	-	-	-	55,119
Freight income	40,784	-	-	-	40,784
Gain from commodity trading activities	32,333	-	-	-	32,333
Others	10,961	-	11,330	10,879	33,170
	11,573,305	2,185,235	281,287	10,879	14,050,706
Timing of revenue recognition					
- at a point in time	11,522,694	2,185,235	231,521	10,879	13,950,329
- overtime	50,611	-	49,766	-	100,377
	11,573,305	2,185,235	281,287	10,879	14,050,706

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

6 REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers: (continued)

2019	Plantation RM'000	Sugar RM'000	Logistics and others RM'000	Corporate HQ RM'000	Total RM'000
<u>Major goods and services:</u>					
Sales of CPO	4,459,271	-	-	-	4,459,271
Sales of RBDO	2,519,556	-	-	-	2,519,556
Sales of refined sugar and molasses	-	2,006,127	-	-	2,006,127
Sales of PK	264,944	-	-	-	264,944
Sales of fertiliser, packed products and others	1,505,474	-	-	-	1,505,474
Sales of fatty acids	752,351	-	-	-	752,351
Sales of rubber products	748,644	56	-	-	748,700
Sales of CPKO	221,731	-	-	-	221,731
Sales of biodiesel products	226,621	-	-	-	226,621
Services rendered	38,837	-	329,899	28	368,764
Sales of FFB	38,522	814	-	-	39,336
Freight income	70,842	-	-	-	70,842
Gain from commodity trading activities	16,093	-	-	-	16,093
Others	7,051	14	672	6,400	14,137
	10,869,937	2,007,011	330,571	6,428	13,213,947
Timing of revenue recognition					
- at a point in time	10,839,724	2,007,011	284,472	6,428	13,137,635
- overtime	30,213	-	46,099	-	76,312
	10,869,937	2,007,011	330,571	6,428	13,213,947

(b) Revenue from other sources

	2020 RM'000	2019 RM'000
Rental income	21,781	41,510
Finance income	3,225	3,555
	25,006	45,065

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

6 REVENUE (CONTINUED)

Company

	2020 RM'000	2019 RM'000
Revenue from contracts with customers	114,180	210,543
Revenue from other sources	244,524	418,568
	358,704	629,111
<u>Revenue from contracts with customers</u>		
Management fees	114,180	210,543
Timing of revenue recognition - over time	114,180	210,543
<u>Revenue from other sources</u>		
Dividend from subsidiaries: - unquoted	239,899	417,100
Finance income from financial institutions	44	256
Others	4,581	1,212
	244,524	418,568

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

7 OTHER OPERATING INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Rental income	4,990	10,180	207	240
Gain on disposal of property, plant and equipment, (net)	4,119	-	-	-
Gain on disposal of assets held for sale (Note 38)	33,762	-	-	-
Realisation of foreign exchange reserve upon disposal of assets held for sale (Note 38)	4,342	-	-	-
Gain on disposal of a subsidiary (Note 24(c))	-	219	-	-
Realisation of foreign exchange reserve upon disposal of a subsidiary (Note 24(c))	-	3,658	-	-
Dividend income from financial assets at fair value through other comprehensive income	2,814	1,394	-	-
Income from sale of scrap	11,200	5,575	-	-
Income from sludge oil	3,413	2,545	-	-
Income from penalty charges	912	6,015	-	-
Insurance reimbursement	4,003	282	-	-
Roundtable Sustainable Palm Oil - ("RSPO") premium income	3,058	6,001	-	-
Foreign currency exchange gains	15,210	12,248	-	-
Government transportation subsidy	-	6,402	-	-
Income from electricity supply in relation to biomass project	10,554	12,291	-	-
Reversal of impairment in subsidiaries	-	-	59,700	-
Other operating income	34,122	33,581	5,457	4,577
	132,499	100,391	65,364	4,817

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

8 (REVERSAL OF IMPAIRMENT)/IMPAIRMENT OF FINANCIAL ASSETS (NET)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment loss of receivables (net)	1,572	7,760	195	-
Impairment loss on amounts due from joint ventures	4,000	89,669	-	-
Reversal of impairment on amount due from ultimate holding company (net)	(13,341)	(27,860)	-	-
Reversal of impairment on amounts due from other related companies	(24)	(30,440)	-	-
Impairment loss on loans due from joint ventures	-	47,171	-	-
(Reversal of impairment)/impairment loss of amounts due from subsidiaries	-	-	(813)	4,246
Impairment loss of loan due from a subsidiary	-	-	-	1,062
	(7,793)	86,300	(618)	5,308

9 IMPAIRMENT/(REVERSAL OF IMPAIRMENT) OF NON-FINANCIAL ASSETS (NET)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment loss on intangible assets	-	179	-	-
on property, plant and equipment (net) on property, plant and equipment (net)	221,769	159,802	-	(739)
Impairment loss on right-of-use assets (net)	20,305	8,281	-	-
	242,074	168,262	-	(739)

10 OTHER OPERATING EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss on disposal of an associate	-	1,413	-	-
Impairment loss on investment in subsidiaries	-	-	5,500	336,922
Provision for litigation loss	19,802	-	-	-
Loss on disposal of a subsidiary	-	-	-	56,415
Loss on disposal of property, plant and equipment	-	12	-	-
Impairment loss on contract assets	1,551	-	-	-
Other operating expenses	1,344	2,133	1,081	290
	22,697	3,558	6,581	393,627

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

11 OTHER LOSSES, NET

	Group	
	2020 RM'000	2019 RM'000
Land Lease Agreement ("LLA"):		
- Fair value charges (Note 48)	(158,490)	(236,821)
Foreign currency forward contracts:		
- Fair value (losses)/gains	(202)	13,320
Financial assets at fair value through profit or loss		
- Fair value (losses)/gains (Note 36)	(1,618)	4,715
Oil palm futures contracts:		
- Fair value gains/(losses)	35,169	(23,477)
Sugar futures contracts:		
- Fair value (losses)/gains	(2,141)	4,446
Fair value changes in biological assets (net)	11,248	3,318
	(116,034)	(234,499)

12 FINANCE INCOME AND COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance income:				
- finance income from financial institutions	39,612	25,085	-	-
Total finance income	39,612	25,085	-	-
Finance costs:				
- loans from ultimate holding company	(42,335)	(45,201)	(42,335)	(45,201)
- loans from subsidiaries	-	-	(12,460)	(83,889)
- Islamic short term trade financing	(71,879)	(63,501)	(883)	(1,337)
- short term trade financing	(9,101)	(16,809)	-	-
- Islamic term loans	(49,573)	(87,328)	-	-
- term loans	(3,092)	(9,083)	-	-
- interest on lease liabilities	(18,667)	(15,623)	(1,657)	(1,819)
Less: amount capitalised in additions of property, plant and equipment	32,775	54,387	-	-
Total finance costs	(161,872)	(183,158)	(57,335)	(132,246)
Net finance costs	(122,260)	(158,073)	(57,335)	(132,246)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

13 PROFIT/(LOSS) FOR THE FINANCIAL YEAR

Profit/(loss) for the financial year is stated after charging/(crediting):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Matured estates operating expenses (collection, upkeep, cultivation and general charges)	344,788	282,949	-	-
Cost of raw materials and chemicals for production and manufacturing	9,015,536	8,025,893	-	-
Cost of purchasing CPO	69,161	128,580	-	-
Cost of petrol, diesel and natural gas	215,186	143,002	-	-
Service charge on CPO trading	7,252	5,415	-	-
Property, plant and equipment (Note 20):				
- Depreciation	662,510	672,397	1,808	1,919
- Write offs	34,332	14,486	-	1,155
- (Gain)/loss on disposal (net)	(4,119)	12	-	-
Right-of-use assets (Note 21):				
- Depreciation	84,334	71,239	4,361	4,361
Investment properties (Note 22):				
- Depreciation	12,260	12,321	882	882
Intangible assets (Note 23):				
- Amortisation	23,655	27,779	8,510	8,872
- Write offs	-	2,173	-	-
Write down of inventories	3,589	2,379	-	-
Termination of lease contracts	496	-	-	-
Short-term lease payments	3,922	4,149	60	181
Rental of low value assets	9,709	2,876	-	-
Rental of other equipment (service contracts)	68	13,277	-	-
Repairs and maintenance of refining plants and mills	226,747	182,645	-	-
Repairs and maintenance of motor vehicles	25,968	24,033	-	-
Principal auditors' remuneration:				
- Audit fee	4,106	4,209	595	595
- Other assurance services	1,484	1,488	1,187	1,187
- Non-audit fee				
- current year	602	30	565	30
Member firms of principal auditors' remuneration:				
- Audit fee	1,449	1,451	-	-
Other firms of auditors' remuneration:				
- Audit fee	132	339	-	-
Staff costs*	1,455,821	1,617,610	92,587	94,587
Professional and technical fees	24,396	17,785	6,866	7,370
Contributions to Yayasan Felda	5,000	5,000	-	-
Net realised foreign exchange (gain)/loss	(5,946)	3,015	190	(73)
Net unrealised foreign exchange loss/(gain)	7,326	(2,685)	59	363
Research and non-capitalised development costs	17,028	30,219	-	-
Construction cost recognised as an expense	2,155	7,992	-	-
Unwinding of discount for provision for asset retirement	437	459	-	-
Provision for litigation loss	19,802	-	-	-
Transportation, loading and handling	261,251	219,777	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

13 PROFIT/(LOSS) FOR THE FINANCIAL YEAR (CONTINUED)

* Staff costs (excluding Directors' remuneration) are analysed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonuses	1,161,185	1,257,489	70,005	61,436
Defined contribution plan	124,178	120,484	11,883	10,727
Defined benefit plan	(22,189)	16,163	(864)	369
Employee share grant	2,404	3,589	672	668
Other employee benefits	190,243	219,885	10,891	21,387
	1,455,821	1,617,610	92,587	94,587

Staff cost included in costs of sales amounted to RM1,108,304,000 (2019: RM1,139,942,000) and RM61,848,000 (2019: RM67,644,000) for the Group and Company respectively.

14 DIRECTORS' REMUNERATION

	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
<u>2020</u>			
Fees:			
- Independent Non-Executive	925	-	925
- Non-Independent Non-Executive	696	131	827
	1,621	131	1,752
Benefit in kind:			
- Independent Non-Executive	6	-	6
- Non-Independent Non-Executive	80	-	80
	86	-	86
Other benefits:			
- Independent Non-Executive	209	-	209
- Non-Independent Non-Executive	268	6	274
	477	6	483
Total	2,184	137	2,321

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

14 DIRECTORS' REMUNERATION (CONTINUED)

	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
<u>2019</u>			
Fees:			
- Independent Non-Executive	1,196	-	1,196
- Non-Independent Non-Executive	697	315	1,012
	1,893	315	2,208
Benefit in kind:			
- Independent Non-Executive	7	-	7
- Non-Independent Non-Executive	135	1	136
	142	1	143
Other benefits:			
- Independent Non-Executive	359	-	359
- Non-Independent Non-Executive	302	18	320
	661	18	679
Sub-total	2,696	334	3,030
Less: Over provision in prior year	(361)	-	(361)
Total	2,335	334	2,669

15 ZAKAT

	Group	
	2020 RM'000	2019 RM'000
Movement of zakat liability:		
At beginning of financial year	-	-
Current financial year's zakat expense	16,300	6,397
Zakat paid	(16,300)	(6,397)
At end of financial year	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

16 TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian income tax:				
- In respect of current financial year	120,050	131,542	9,339	337
- In respect of prior financial year	(22,378)	(861)	(291)	(452)
Foreign income tax:				
- In respect of current financial year	8,983	5,063	-	-
Deferred tax (Note 51)	88,916	(109,813)	-	28,320
Tax expense	195,571	25,931	9,048	28,205

A reconciliation of income tax expense applicable to profit/(loss) before taxation after zakat at the Malaysian statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(loss) before taxation after zakat	329,764	(345,225)	221,134	(51,889)
Malaysian corporate tax rate of 24% (2019: 24%)	79,143	(82,854)	53,072	(12,453)
Tax effect of:				
- different tax rates in other countries	(393)	1,182	-	-
- expenses not deductible for tax purposes	133,938	115,341	16,358	130,881
- income not subject to tax	(30,718)	(50,103)	(64,726)	(100,549)
- over provision of income tax in prior financial year	(22,378)	(861)	(291)	(452)
- temporary differences not recognised as deferred tax	39,017	88,159	4,635	10,778
- tax incentive	-	(7,252)	-	-
- temporary differences previously not recognised as deferred tax	2,675	(35,365)	-	-
- others	(5,713)	(2,316)	-	-
Tax expense	195,571	25,931	9,048	28,205

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

17 DIVIDEND

Dividends declared and paid are as follows:

	Group and Company			
	2020		2019	
	Dividend per share RM'000	Amount of dividend RM'000	Dividend per share RM'000	Amount of dividend RM'000
Final single-tier dividend for the financial year ended 31 December 2019, paid on 15 June 2020 (2019: Nil)	2.0	72,963	-	-

On 26 February 2021, the Board of Directors agreed to declare the payment of a final single tier dividend of 3.0 sen per ordinary share amounting to RM109.44 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967.

18 EARNINGS PER SHARE

	Group	
	2020	2019
Basic and diluted EPS (sen)	4.0	(6.7)

The basic earnings per share ("EPS") has been calculated based on the consolidated profit/(loss) after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue during the financial year. There are no potential ordinary shares as at 31 December 2020 and 31 December 2019.

	Group	
	2020	2019
Profit/(loss) for the financial year attributable to equity shareholders (RM'000)	146,156	(246,174)
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

19 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Group Management Committee ("GMC").

The GMC considers the business by product related activities. The reportable segments for the financial year ended 31 December 2020 have been identified as follows:

- Plantation Sector - Plantation estates activities including cultivation, harvesting and production of fresh fruit bunches ("FFB") and processing of FFB into crude palm oil ("CPO") and palm kernel ("PK"), refining of CPO, fractionation of refined bleached deodorised palm oil ("RBDPO") and Palm Olein ("PO"), crushing of PK, production of oleochemicals namely fatty acid and glycerine, production of graphene and nanotubes, processing and sales of biodiesel products, production of consumer bulk and packed products, trading of CPO, research and development activities, fertilisers processing, rubber processing and production, sale of planting materials and security.
- Sugar Sector - Sugar refining, sales and marketing of refined sugar and molasses.
- Logistics and Others Sector - Bulking and transportation facilities and services, engineering services, information technology and travel.

The entities included in the respective reportable segments have changed from the financial year ended 31 December 2019 due to the changes in the internal management reporting structure to the CODM. Comparatives have been restated to conform to the revised reportable segments.

Corporate HQ and Elimination mainly relates to the inclusion of investment holding companies within the Group and Group consolidation adjustments, which are not part of the operating segments.

The GMC assesses the performance of the operating segments based on profit before zakat and taxation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

19 SEGMENT REPORTING (CONTINUED)

The segment information provided to the GMC for the reportable segments for the financial year reported is as follows:

2020	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
Total segment revenue	17,110,796	2,361,340	590,350	300,317	20,362,803
Less: Inter-segment revenue	(5,537,323)	(176,105)	(287,731)	(285,932)	(6,287,091)
Revenue from external customers	11,573,473	2,185,235	302,619	14,385	14,075,712
Profit/(loss) before zakat and taxation for the financial year	401,990	(34,549)	50,488	(71,865)	346,064
Zakat					(16,300)
Taxation					(195,571)
Profit after taxation for the financial year					134,193
Other information:					
Finance income	15,458	17,295	6,257	602	39,612
Finance costs	(84,535)	(48,085)	(4,403)	(24,849)	(161,872)
Depreciation and amortisation	(568,263)	(92,943)	(97,670)	(23,883)	(782,759)
Write-offs/write-down	(4,953)	(31,407)	(162)	(1,399)	(37,921)
(Impairment)/reversal of impairment loss (net)					
- financial assets	(7,075)	(4,095)	18,963	-	7,793
- non-financial assets	(208,757)	(35,801)	(9,100)	11,584	(242,074)
Fair value changes in LLA liability	(158,490)	-	-	-	(158,490)
Share of results of joint ventures	17,310	-	-	6,131	23,441
Share of results of associates	1,193	-	-	(827)	366
Capital expenditure	383,781	26,202	55,030	6,635	471,648

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

19 SEGMENT REPORTING (CONTINUED)

The segment information provided to the GMC for the reportable segments for the financial year reported is as follows: (continued)

2019	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
Total segment revenue	15,682,268	2,423,753	674,860	396,508	19,177,389
Less: Inter-segment revenue	(4,794,303)	(416,742)	(321,051)	(386,281)	(5,918,377)
Revenue from external customers	10,887,965	2,007,011	353,809	10,227	13,259,012
Profit/(loss) before zakat and taxation for the financial year	(8,504)	(316,129)	30,211	(44,406)	(338,828)
Zakat					(6,397)
Taxation					(25,931)
Profit after taxation for the financial year					(371,156)

Other information:

Finance income	11,017	6,152	7,219	697	25,085
Finance costs	(75,310)	(76,985)	(3,274)	(27,589)	(183,158)
Depreciation and amortisation	(579,881)	(94,612)	(90,471)	(18,772)	(783,736)
Write-offs/write-down	(13,425)	(2,454)	(651)	(2,508)	(19,038)
Impairment loss (net)					
- financial assets	(24,758)	(6,812)	(7,560)	(47,170)	(86,300)
- non-financial assets	(800)	(146,682)	(20,780)	-	(168,262)
Fair value changes in LLA liability	(236,821)	-	-	-	(236,821)
Share of results of joint ventures	9,331	-	-	5,527	14,858
Share of results of associates	1,038	-	-	(2,663)	(1,625)
Capital expenditure	618,803	12,050	46,983	5,567	683,403

The revenue from external parties reported to the GMC is measured in a manner consistent with that in the statement of comprehensive income.

Revenues from external customers are derived from sales of goods and provisions of services as disclosed in Note 6.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

19 SEGMENT REPORTING (CONTINUED)

The analysis of external revenue by end customer geographical location is as follows:

	2020 RM'000	2019 RM'000
Malaysia	9,443,413	7,463,327
Overseas:		
- India	761,222	1,290,053
- China	335,322	569,303
- Pakistan	1,005,209	969,981
- Asia (excluding Malaysia, China, Pakistan and Indonesia)	1,140,777	1,706,290
- United States and Canada	758,007	700,260
- Europe	287,613	330,667
- New Zealand	24,946	27,080
- Indonesia	14,050	35,090
- Others	305,153	166,961
	14,075,712	13,259,012

Segment assets and segment liabilities are not disclosed as these are not reported to the CODM.

The analysis of non-current assets (excluding financial assets and deferred tax assets) by geographical location is as follows:

	2020 RM'000	2019 RM'000
Malaysia	11,197,080	11,457,996
Overseas:		
- United States and Canada	241,477	260,899
- Indonesia	167,380	180,293
- Pakistan	32,524	33,899
- Cambodia	-	19,657
- Others	3,263	3,759
	11,641,724	11,956,503

In the current financial year, two (2019: two) major customers in the Plantation Sector contributed RM788,657,000 (6%) and RM651,404,000 (5%) respectively (2019: RM1,024,396,000 (8%) and RM727,956,000 (5%) respectively) to the Group's total revenues.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Freehold land</u> RM'000	<u>Buildings, structures and renovations</u> RM'000	<u>Plant and machinery</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Office equipment, tools and other equipment</u> RM'000	<u>Assets under construction</u> RM'000	<u>Bearer plants</u> RM'000	<u>Total</u> RM'000
<u>2020</u>								
<u>Cost</u>								
At 1 January 2020	49,364	2,847,391	3,770,755	383,660	275,736	467,375	5,063,366	12,857,647
Acquisition of subsidiary (Note 24(b))	1,450	4,676	656	386	3,266	-	87	10,521
Additions	-	6,970	36,712	42,561	19,843	83,673	278,552	468,311
Disposals	-	(32)	(12,596)	(589)	(2,316)	-	(689)	(16,222)
Write offs	-	(2,102)	(18,783)	(18,001)	(13,208)	(2,058)	(38,050)	(92,202)
Reclassification	-	265,593	76,793	5,753	6,765	(354,904)	-	-
Transfer from/(to) assets held for sale (Note 38)	-	7,530	-	-	-	(2,400)	73,572	78,702
Transfer to intangible asset (Note 23)	-	-	-	-	-	(3,786)	-	(3,786)
Exchange differences	(381)	(4,576)	(9,330)	(251)	(491)	(154)	(3,939)	(19,122)
At 31 December 2020	50,433	3,125,450	3,844,207	413,519	289,595	187,746	5,372,899	13,283,849
<u>Accumulated depreciation/impairment</u>								
At 1 January 2020	184	850,666	1,392,241	229,186	169,548	104,461	1,921,243	4,667,529
Charge for the financial year	-	131,647	245,262	35,006	29,355	-	221,240	662,510
Impairment loss	-	17,340	10,322	110	2,008	-	191,989	221,769
Disposals	-	(27)	(12,594)	(544)	(2,277)	-	(69)	(15,511)
Write offs	-	(1,474)	(15,345)	(17,813)	(12,635)	-	(10,603)	(57,870)
Reclassification	-	136	(5)	-	(131)	-	-	-
Transfer from assets held for sale (Note 38)	-	4,278	-	-	-	-	1,111	5,389
Exchange differences	-	(2,238)	(7,421)	(216)	(417)	-	(138)	(10,430)
At 31 December 2020	184	1,000,328	1,612,460	245,729	185,451	104,461	2,324,773	5,473,386
Net book value at 31 December 2020	50,249	2,125,122	2,231,747	167,790	104,144	83,285	3,048,126	7,810,463

20 PROPERTY, PLANT AND EQUIPMENT

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Group	Freehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
<u>2019</u>								
<u>Cost</u>								
At 1 January 2019	49,548	2,453,289	3,157,235	370,542	449,176	1,245,681	4,944,409	12,669,880
Additions	-	41,956	87,730	28,442	30,126	228,498	258,529	675,281
Disposals	-	(5)	(79)	(1,028)	(1,328)	-	(651)	(3,091)
Write offs	-	(10,729)	(39,524)	(15,299)	(14,964)	-	(68,136)	(148,652)
Reclassification	-	432,838	751,005	2,931	(180,075)	(1,006,699)	-	-
Transfer to assets held for sale	-	(24,371)	(34,434)	(1,229)	(3,209)	-	(73,572)	(136,815)
Disposal of a subsidiary (Note 24(c))	-	(38,099)	(144,144)	(730)	(3,562)	-	-	(186,535)
Exchange differences	(184)	(7,488)	(7,034)	31	(428)	(105)	2,787	(12,421)
At 31 December 2019	49,364	2,847,391	3,770,755	383,660	275,736	467,375	5,063,366	12,857,647
<u>Accumulated depreciation/ impairment</u>								
At 1 January 2019	184	704,572	1,171,308	208,765	187,951	103,000	1,792,927	4,168,707
Charge for the financial year	-	140,429	263,066	34,866	37,258	-	196,778	672,397
Impairment loss	-	13,827	142,119	80	2,315	1,461	-	159,802
Disposals	-	(5)	(78)	(948)	(1,324)	-	(339)	(2,694)
Write offs	-	(9,173)	(30,822)	(14,006)	(13,118)	-	(67,047)	(134,166)
Reclassification	-	39,024	(3,473)	1,963	(37,514)	-	-	-
Transfer to assets held for sale	-	(17,790)	(32,343)	(964)	(2,486)	-	(1,111)	(54,694)
Disposal of a subsidiary (Note 24(c))	-	(17,963)	(112,678)	(638)	(3,369)	-	-	(134,648)
Exchange differences	-	(2,255)	(4,858)	68	(165)	-	35	(7,175)
At 31 December 2019	184	850,666	1,392,241	229,186	169,548	104,461	1,921,243	4,667,529
Net book value at 31 December 2019	49,180	1,996,725	2,378,514	154,474	106,188	362,914	3,142,123	8,190,118

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in the additions of property, plant and equipment were RM31,680,000 (2019: RM47,123,000) in relation to capitalised finance cost for bearer plants at average finance rate of 3.82% (2019: 4.60%) per annum and RM1,095,000 (2019: RM7,264,000) in relation to capitalised borrowing costs for other qualifying assets at average finance rate of 3.36% (2019: 4.74%) per annum.

Net book value of the property, plant and equipment pledged as security to borrowings amounted to RM272,969,000 (2019: RM279,335,000).

(a) Bearer plants

Bearer plants comprise oil palm, rubber trees and mango trees. Immature bearer plants are capitalised as capital work in progress.

Group	Mature				Immature				Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	
<u>2020</u>									
<u>Cost</u>									
At 1 January 2020	3,947,887	55,735	-	4,003,622	925,103	116,389	-	1,041,492	434 5,063,366
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	87
Additions	5,235	-	-	5,235	225,519	17,433	-	242,952	2,617 278,552
Disposal	(355)	-	-	(355)	-	-	-	-	(334) (689)
Write offs	(10,277)	-	-	(10,277)	-	(27,243)	-	(27,243)	(530) (38,050)
Reclassification from:									
- immature	262,887	20,579	-	283,466	(262,887)	(20,579)	-	(283,466)	- -
- planting	-	-	-	-	15,954	-	-	15,954	(15,954) -
Transfer from asset held for sale	1,608	22,220	676	24,504	-	48,870	198	49,068	- - 73,572
Exchange differences	(437)	-	-	(437)	(3,496)	-	-	(3,496)	(6) - (3,939)
At 31 December 2020	4,206,548	98,534	676	4,305,758	900,193	134,870	198	1,035,261	2,274 5,372,899

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

Bearer plants comprise oil palm, rubber trees and mango trees. Immature bearer plants are capitalised as capital work in progress. (continued)

Group	Mature			Immature					Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	
2020 (continued)									
At 1 January 2020	1,906,982	13,892	-	1,920,874	-	-	-	-	1,921,243
Charge for the financial year	216,742	4,387	34	221,163	-	-	-	-	221,240
Impairment loss	108,717	60,342	585	169,644	-	21,267	198	21,825	191,989
Disposal	(43)	-	-	(43)	-	-	-	-	(69)
Write offs	(10,229)	-	-	(10,229)	-	-	-	-	(10,603)
Transfer from asset held for sale	329	725	57	1,111	-	-	-	-	1,111
Exchange differences	(138)	-	-	(138)	-	-	-	-	(138)
At 31 December 2020	2,222,360	79,346	676	2,302,382	-	21,267	198	21,825	2,324,773
Net book value at 31 December 2020	1,984,188	19,188	-	2,003,376	900,193	113,243	-	1,013,436	3,048,126

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

Bearer plants comprise oil palm, rubber trees and mango trees. Immature bearer plants are capitalised as capital work in progress. (continued)

Group	Mature				Immature				Total bearer plants RM'000
	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	
2019									
Cost									
At 1 January 2019	3,786,507	72,334	676	3,859,517	888,450	152,953	176	1,041,579	4,944,409
Additions	2,800	1,626	-	4,426	211,105	16,301	22	227,428	258,529
Disposal	(339)	-	-	(339)	(312)	-	-	(312)	(651)
Write offs	(67,381)	-	-	(67,381)	(575)	-	-	(575)	(68,136)
Reclassification from:									
- immature	227,564	3,995	-	231,559	(227,564)	(3,995)	-	(231,559)	-
- planting	-	-	-	-	51,559	-	-	51,559	-
Transfer to									
asset held for sale	(1,608)	(22,220)	(676)	(24,504)	-	(48,870)	(198)	(49,068)	(73,572)
Exchange differences	344	-	-	344	2,440	-	-	2,440	2,787
At 31 December 2019	3,947,887	55,735	-	4,003,622	925,103	116,389	-	1,041,492	5,063,366
Accumulated depreciation									
At 1 January 2019	1,780,794	11,611	44	1,792,449	-	-	-	-	1,792,927
Charge for the financial year	193,717	3,006	13	196,736	-	-	-	-	196,778
Disposal	(339)	-	-	(339)	-	-	-	-	(339)
Write offs	(66,896)	-	-	(66,896)	-	-	-	-	(67,047)
Transfer to									
asset held for sale	(329)	(725)	(57)	(1,111)	-	-	-	-	(1,111)
Exchange differences	35	-	-	35	-	-	-	-	35
At 31 December 2019	1,906,982	13,892	-	1,920,874	-	-	-	-	1,921,243
Net book value at 31 December 2019	2,040,905	41,843	-	2,082,748	925,103	116,389	-	1,041,492	3,142,123

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For The Financial Year Ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	Office equipment RM'000	Motor vehicle RM'000	Building, structure and renovation RM'000	Work in progress RM'000	Total RM'000
<u>2020</u>					
<u>Cost</u>					
At 1 January 2020	14,685	547	2,184	2,798	20,214
Addition	615	-	-	-	615
Write offs	(20)	-	-	-	(20)
At 31 December 2020	15,280	547	2,184	2,798	20,809
<u>Accumulated depreciation</u>					
At 1 January 2020	8,492	497	625	-	9,614
Charge for the financial year	1,617	35	156	-	1,808
Write offs	(20)	-	-	-	(20)
At 31 December 2020	10,089	532	781	-	11,402
Net book value at 31 December 2020	5,191	15	1,403	2,798	9,407
<u>2019</u>					
<u>Cost</u>					
At 1 January 2019	15,476	4,000	2,184	1,010	22,670
Addition	255	-	-	1,788	2,043
Write offs	(1,046)	(3,453)	-	-	(4,499)
At 31 December 2019	14,685	547	2,184	2,798	20,214
<u>Accumulated depreciation</u>					
At 1 January 2019	7,468	3,841	469	-	11,778
Charge for the financial year	1,654	109	156	-	1,919
Reversal of impairment	-	(739)	-	-	(739)
Write offs	(630)	(2,714)	-	-	(3,344)
At 31 December 2019	8,492	497	625	-	9,614
Net book value at 31 December 2019	6,193	50	1,559	2,798	10,600

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant impairment and write off of property, plant and equipment

Financial year ended 31 December 2020

a) Asian Plantation Limited ("APL")

The loss of APL's productive planted area during the current financial year has been identified as indicator for impairment for the assets. The recoverable amount of the carrying value of APL's assets was determined using fair value less cost to sell (Level 3 fair value calculation), based on the valuation report obtained from an external valuer. Based on the valuation, the recoverable amount of APL's assets was RM306,000,000, which resulted in recognition of impairment losses of RM112,339,000 for property, plant and equipment and RM25,090,000 for right-of-use assets. The impairment loss totalling RM137,429,000 had been recognised as the Group's impairment of non-financial assets and had been included as impairment loss within the Plantation Sector in the Group's segment reporting (Note 19).

b) FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")

During the financial year, FGVPM had revised its rubber replanting plans, where the final rubber replanting activities is planned in 2022 (2019: ongoing rubber replanting plans). The change in the replanting plan and the deterioration in the rubber operations' results have been identified as indicators for impairment for the rubber plantation's assets. Based on the impairment assessment, the recoverable amount of the rubber plantation in FGVPM was RM132,500,000, which resulted the impairment loss of RM40,755,000 for property, plant and equipment. The impairment loss had been recognised as the Group's impairment of non-financial assets and had been included as impairment loss within the Plantation Sector in the Group's segment reporting (Note 19).

The recoverable amount was determined using fair value less cost to sell calculation (Level 3 fair value calculation) based on cash flow projections covering a 20 year period. The key assumptions used in the valuation were as follows:

(i)	Rubber price	RM5.40 per kg to RM6.48 per kg
(ii)	Rubber yield	1,250 kg/ha to 1,275 kg/ha per annum
(iii)	Mature cost per kg	RM3.9 per kg to RM4.0 per kg
(iv)	Final replanting year	2022

The sensitivity of the rubber plantation recoverable amount to changes in key assumptions is as follows:

<u>Key assumptions</u>	<u>Sensitivity</u>	<u>Recoverable amount lower by</u> RM'000
Rubber price	Reduce by RM0.25 cents per kg	15,092
Rubber yield	Reduce by 100 kg/ha per annum	29,323
Mature cost per kg	Increase by 5%	12,025

c) MSM Perlis Sdn. Bhd. ("MSMP")

The rationalisation plan, which was embarked in previous financial year to address losses incurred in Sugar business did not materialise following the rescission of sale and purchase agreement. The recoverable amount of plantation assets in MSMP was determined based on the valuation report obtained from the external valuer. Based on the valuation, the recoverable amount for the land was RM173,000,000 and nil for plantation assets after considering that the rubber trees were not viable due to low price and high production costs while the recoverable amount for the industrial leasehold land and building was RM22,300,000. Hence, impairment loss of RM43,705,000 was recognised for property, plant and equipment and reversal of impairment loss of RM7,968,000 was recognised in right-of-use assets and included as the impairment loss within the Sugar Sector in the Group's segment reporting (Note 19).

In addition, there were a series of fire incidents in the Chuping plantation in MSMP occurred during the financial year. Based on the fire incident report prepared by the plantation operations team in Chuping, an assessment had been performed and an amount of RM27,243,000 of bearer plants had been written off during the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant impairment and write off of property, plant and equipment (continued)

Financial year ended 31 December 2020 (continued)

d) FGV-CVC (Cambodia) Co. Ltd. ("FGV-CVC")

FGV-CVC incurred losses during the financial year, which had been identified as indicator for impairment for the entity's non current assets. The Board of Directors of the Company has decided to dissolve FGV-CVC as there has been no firm offer due to the unfavourable local duty structure in Cambodia. Based on the impairment assessment, due to the lack of disposal alternatives, the Group had recognised the full impairment of RM16,007,000 for carrying value of the property, plant and equipment and RM3,650,000 for carrying value of the right-of-use assets, which had been recorded as impairment of non-financial assets of the Group and had been included as impairment loss within the Plantation Sector in the Group's segment reporting (Note 19).

Financial year ended 31 December 2019

- a) A plan to rationalise the capacity of the three sugar refinery plants was embarked in the previous financial year to address losses incurred in the sugar business. This included the planned closure of the sugar refinery of a subsidiary of MSMH by June 2020, being the most uneconomically viable of the three plants.

The key assumptions used in the valuation, based on value-in-use of the refinery were as follows:

(i)	Period of operations	January 2020 up to June 2020
(ii)	Selling price (domestics), RM/MT	2,500
(iii)	Raw sugar price, US cents/lbs	13.5
(iv)	Sales volume, MT'000	7,000 MT domestic refined sugar sales per month for the first 6-months of FY2020. Nil sales volume from July 2020 onwards.
(v)	Discount rate (post tax)	9%
(vi)	Forward exchange rate	RM4.20/USD
(vii)	Separation costs	RM16 million to be incurred in June 2020

As a result of the impairment assessment, the recoverable amount was nil based on the expected rationalisation plan. Hence, impairment loss of RM138,541,000 was recognised for property, plant and equipment, RM7,962,000 for right-of-use assets and RM179,000 for intangible assets (other than goodwill) which had been recorded as impairment of non-financial assets of the Group. The amount is included as part of the impairment loss in Sugar Sector in the Group's segment reporting (Note 19).

- b) Felda Engineering Services Sdn. Bhd. ("FESS") biogas plant continued to operate below capacity arising from unscheduled outages and maintenance which had been identified as indicator for impairment for the asset.

An assessment of recoverable amount had been prepared based on estimated future cash flows derived from the sales of electricity to its sole customer. Based on the impairment assessment, due to uncertainty in recovering the carrying value of the biogas plant, the Group had recognised the full impairment of RM20,780,000 for property, plant and equipment which had been recorded as impairment of non-financial assets of the Group and had been included as impairment loss within the Logistics and Others Sector in the Group's segment reporting (Note 19).

Leasing arrangements – Group as a lessor

The Group leases out certain of its buildings and structures, mainly relating to tanks, pipelines and installations and warehouses, to tenants under operating leases. The Group is not exposed to any material impact of lease payments subject to variable lease considerations.

Operating lease receipts represent rentals receivable by the Group for natural oil tanks and oil pipeline system rented out.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leasing arrangements – Group as a lessor (continued)

The future aggregate minimum lease receivables under non-cancellable operating lease are as follows:

	Group	
	2020 RM'000	2019 RM'000
Within 1 year	2,073	2,112
Between 1 and 2 years	2,073	2,112
Between 2 and 3 years	2,073	2,112
Between 3 and 4 years	2,073	2,112
Between 4 and 5 years	2,073	2,112
	10,365	10,560

Rental income recognised in profit or loss during the financial year amounted to RM1,932,000 (2019: RM1,930,000).

21 RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
<u>2020</u>					
<u>Cost</u>					
At 1 January 2020	2,397,438	248,395	47,510	21	2,693,364
Additions	91,468	21,483	3,725	3,468	120,144
Termination of lease contracts	(12,938)	(4,074)	-	-	(17,012)
Transfer from asset held for sale (Note 38)	99,225	-	-	-	99,225
Currency translation differences	(312)	-	(1,043)	-	(1,355)
At 31 December 2020	2,574,881	265,804	50,192	3,489	2,894,366
<u>Accumulated depreciation/ impairment</u>					
At 1 January 2020	299,513	157,637	22,432	21	479,603
Charge for the financial year	63,945	12,846	7,531	12	84,334
Termination of lease contracts	(3,717)	(3,001)	-	-	(6,718)
Impairment loss (net)	20,305	-	-	-	20,305
Transfer from asset held for sale (Note 38)	17,687	-	-	-	17,687
Currency translation differences	(14)	-	(410)	-	(424)
At 31 December 2020	397,719	167,482	29,553	33	594,787
Net book value at 31 December 2020	2,177,162	98,322	20,639	3,456	2,299,579

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

21 RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
<u>2019</u>					
<u>Cost</u>					
At 1 January 2019	2,524,680	237,189	32,444	21	2,794,334
Additions	4,860	16,012	15,501	-	36,373
Termination of lease contracts	-	(4,806)	-	-	(4,806)
Disposal of a subsidiary (Note 24(c))	(31,740)	-	-	-	(31,740)
Transfer to asset held for sale	(99,770)	-	-	-	(99,770)
Currency translation differences	(592)	-	(435)	-	(1,027)
At 31 December 2019	2,397,438	248,395	47,510	21	2,693,364
<u>Accumulated depreciation/impairment</u>					
At 1 January 2019	276,885	137,129	14,889	9	428,912
Charge for the financial year	39,505	24,014	7,708	12	71,239
Termination of lease contracts	-	(3,506)	-	-	(3,506)
Disposal of a subsidiary (Note 24(c))	(7,290)	-	-	-	(7,290)
Impairment loss	8,281	-	-	-	8,281
Transfer to asset held for sale	(17,687)	-	-	-	(17,687)
Currency translation differences	(181)	-	(165)	-	(346)
At 31 December 2019	299,513	157,637	22,432	21	479,603
Net book value at 31 December 2019	2,097,925	90,758	25,078	-	2,213,761

As at 31 December 2020, the carrying amount of right-of-use assets under land arrangements with FELDA amounted to RM182,689,000 (2019: RM179,641,000). FELDA is in the midst of applying the land titles from respective state authorities.

Company	Buildings RM'000
<u>2020</u>	
<u>Cost</u>	
At 1 January 2020/31 December 2020	39,251
<u>Accumulated depreciation</u>	
At 1 January 2020	5,815
Charge for the financial year	4,361
At 31 December 2020	10,176
Net book value at 31 December 2020	29,075

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

21 RIGHT-OF-USE ASSETS (CONTINUED)

<u>Company</u>	Buildings RM'000
<u>2019</u>	
<u>Cost</u>	
At 1 January 2019/31 December 2019	39,251
<u>Accumulated depreciation</u>	
At 1 January 2019	1,454
Charge for the financial year	4,361
At 31 December 2019	5,815
Net book value at 31 December 2019	33,436

Total cash outflow for leases of the Group and the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short term lease payments	3,922	4,149	60	181
Rental of low value assets	9,709	2,876	-	-
Payments of lease liabilities	43,676	39,121	5,019	5,025
	57,307	46,146	5,079	5,206

22 INVESTMENT PROPERTIES

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<u>2020</u>				
<u>Cost</u>				
At 1 January/31 December 2020	32,006	21,591	127,145	180,742
<u>Accumulated depreciation/impairment</u>				
At 1 January 2020	-	2,635	72,058	74,693
Charge for the financial year	-	303	11,957	12,260
At 31 December 2020	-	2,938	84,015	86,953
Net book value at 31 December 2020	32,006	18,653	43,130	93,789

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

22 INVESTMENT PROPERTIES (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<u>2019</u>				
<u>Cost</u>				
At 1 January/31 December 2019	32,006	21,591	127,145	180,742
<u>Accumulated depreciation/impairment</u>				
At 1 January 2019	-	2,325	60,047	62,372
Charge for the financial year	-	310	12,011	12,321
At 31 December 2019	-	2,635	72,058	74,693
Net book value at 31 December 2019	32,006	18,956	55,087	106,049

Company

Buildings		
	2020 RM'000	2019 RM'000
<u>Cost</u>		
At 1 January/31 December 2020	17,627	17,627
<u>Accumulated depreciation/impairment</u>		
At 1 January	4,562	3,680
Charge for the financial year	882	882
At 31 December	5,444	4,562
Net book value at 31 December	12,183	13,065

The following amounts have been recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Rental income from investment properties	4,712	5,099	201	187
Direct operating expenses arising from investment properties that generate rental income	(1,959)	(2,133)	(35)	(142)
Direct operating expenses arising from investment properties that did not generate rental income	-	-	(35)	(38)

The fair value of the investment properties above as at 31 December 2020 is estimated at RM257,282,000 (2019: RM256,566,000) for the Group and RM19,044,500 (2019: RM21,963,000) for the Company based on independent valuations carried out by registered professional valuers using the comparison method by reference to recent transactions involving other similar properties in the vicinity. The valuation is a Level 2 fair value estimation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

22 INVESTMENT PROPERTIES (CONTINUED)

Leasing arrangements – Group and Company as a lessor

The investment properties are leased to tenants under operating leases. The Group and the Company are not exposed to any variable lease considerations under the arrangements.

23 INTANGIBLE ASSETS

Group	Goodwill RM'000	Brand RM'000	Software RM'000	Land use rights RM'000	Others RM'000	Intangible assets under development RM'000	Total RM'000
<u>Net book value</u>							
<u>2020</u>							
At 1 January 2020	803,035	80,637	31,472	43,891	1,395	9,324	969,754
Acquisition of a subsidiary (Note 24 (b))	6,037	-	-	-	-	-	6,037
Additions	-	-	2,526	202	-	609	3,337
Reclassification	-	-	1,771	-	-	(1,771)	-
Amortisation charge	-	(4,650)	(18,020)	(741)	(244)	-	(23,655)
Transfer from property, plant and equipment (Note 20)	-	-	3,786	-	-	-	3,786
Exchange differences	-	-	-	(951)	(19)	-	(970)
At 31 December 2020	809,072	75,987	21,535	42,401	1,132	8,162	958,289
Expected remaining useful lives (years)							
- 31 December 2020		10-17	1-3	30	6		
<u>2019</u>							
At 1 January 2019	803,035	85,287	50,634	43,973	1,653	11,439	996,021
Additions	-	-	1,410	43	-	1,809	3,262
Reclassification	-	-	3,924	-	-	(3,924)	-
Amortisation charge	-	(4,650)	(22,144)	(741)	(244)	-	(27,779)
Impairment charge	-	-	(179)	-	-	-	(179)
Write offs	-	-	(2,173)	-	-	-	(2,173)
Exchange differences	-	-	-	616	(14)	-	602
At 31 December 2019	803,035	80,637	31,472	43,891	1,395	9,324	969,754
Expected remaining useful lives (years)							
- 31 December 2019		11-18	1-3	31	7		

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

23 INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Intangible asset under development RM'000	Total RM'000
<u>Net book value</u>			
<u>2020</u>			
At 1 January 2020	16,085	9,326	25,411
Additions	1,035	271	1,306
Amortisation charge	(8,510)	-	(8,510)
Reclassification	1,771	(1,771)	-
At 31 December 2020	10,381	7,826	18,207
<u>2019</u>			
At 1 January 2020	20,626	11,438	32,064
Additions	410	1,809	2,219
Amortisation charge	(8,872)	-	(8,872)
Reclassification	3,921	(3,921)	-
At 31 December 2020	16,085	9,326	25,411

(a) Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) as follows:

	Group	
	2020 RM'000	2019 RM'000
Sugar business operations in Malaysia	576,240	576,240
Palm upstream operations in Malaysia	226,795	226,795
Others	6,037	-
	809,072	803,035

(i) Sugar business operations in Malaysia

The goodwill of RM576,240,000 (2019: RM576,240,000) relates to the acquisition of the sugar business by the Group and is allocated to MSM Malaysia Holdings Berhad ("MSMH"). This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the CGU is determined based on VIU calculation using cash flows projections based on financial budgets approved by the Directors covering an eight-year period and applying a terminal value growth rate multiple using longer-term sustainable growth rates. An extended forecast period of eight years is used to show the full impact following the rationalisation plan in MSMH.

The recoverable amount calculated based on VIU exceeded the carrying value by RM254 million (2019: RM144 million).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

23 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(i) Sugar business operations in Malaysia (continued)

The key assumptions used for the CGU's VIU calculation are:

	2020	2019
Selling price, RM per metric tonne ("MT")	1,866 - 2,690	1,607 - 2,600
Raw sugar price, US cents per pound	13.2 - 14.5	13.5 - 14.0
Sales volume, MT'000	1,121 - 1,308	1,156 - 1,268
Terminal value growth rate	2%	2%
Discount rate	9.0% - 10%	9.0% - 11.4%
Exchange rate (RM – USD)	RM4.40/USD	RM4.20/USD

(a) Selling price

Selling price is assumed based on ceiling price set by Government for domestic market on 1 September 2018. Industry and export selling prices is estimated based on raw sugar futures price and expected margins from refining of raw sugar.

(b) Raw sugar price

Raw sugar price is projected in line with New York #11 raw sugar future contracts.

(c) Sales volume

The sales volume is projected based on expected production volume and current market demand.

(d) Terminal value growth rate

The terminal value growth rate used is based on long term sustainable growth rates of 2% in the sugar industry in Malaysia.

(e) Discount rate

The pre-tax discount rate used, reflects specific industry risks relating to the sugar business.

(f) Exchange rate

The exchange rate is projected based on forward rates as at 31 December 2020.

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23 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(i) Sugar business operations in Malaysia (continued)

Other than as disclosed below, there is no reasonably possible change in any of the above key assumptions, which would cause the carrying value of the CGU to exceed its recoverable amount.

2020

<u>Key assumptions</u>	<u>Sensitivity</u>	VIU <u>Higher/(Lower) by</u> RM'000
Exchange rate	Reduce by RM0.13/USD	202,700
Raw sugar price	**	154,800
Domestic and industry sales volume and discount rate	Domestic reduce by 28mt - 88mt; industry reduce by 33mt -131mt; Discount rate reduce by 1%	71,200
Capital expenditure	Increase by RM79m	(87,100)
Selling Premium	Reduce in Selling premium by USD50/mt	(11,000)

** Increasing raw sugar price by RM0.50/USD in FY2021, reducing by RM0.75/USD in FY2022, reducing by RM2.90/USD in FY2023 and constantly reducing by RM0.30/USD in FY2024 to FY2028.

2019

<u>Key assumptions</u>	<u>Sensitivity</u>	VIU <u>lower by</u> RM'000
Domestic selling price	Reduce by RM50 per metric tonne	262,359
Raw sugar price	Increase by 0.5 cent per pound	340,519
Domestic sales volume	Reduce by 5%	197,322
Terminal value growth rate	Reduce by 1%	222,855
Discount rate	Increase by 1%	308,443
Exchange rate	Increase by RM0.20 per USD	532,854

A reduction in domestic selling price of RM36/MT and increase in raw sugar price by 0.2 cents per pound, reduce in terminal value growth rate by 0.6%, increase in discount rate by 0.4%, decrease in domestic sales volume by 3.8% and increase in exchange rate by RM0.06 per USD would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.

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For The Financial Year Ended 31 December 2020

23 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(ii) Palm upstream operations in Malaysia

Goodwill of RM226,795,000 (2019: RM226,795,000) for palm upstream operations in Malaysia comprise of RM127,238,000 (2019: RM127,238,000) for PUP and RM99,557,000 (2019: RM99,557,000) for Yapidmas. The Group's estates in Malaysia are combined for the purposes of goodwill impairment testing as they represent the lowest level within the Group at which goodwill is monitored for internal management purpose.

The recoverable amount of the palm upstream operations CGU is determined using a fair value less cost to sell calculation (Level 3 fair value computation) using cash flow projections covering a 25 year period. The key assumptions are as follows:

Financial year ended 31 December 2020

(i)	CPO price	RM2,450/MT to RM2,809/MT
(ii)	PK price	RM1,500/MT to RM1,800/MT
(iii)	Average FFB yield	16.3 MT/ha to 26.6 MT/ha
(iv)	Estate cost	Mature estate costs – RM2,761 per hectare to RM3,566 per hectare based on a 25 year cycle for oil palm Immature estate costs – RM4,499 per hectare to RM4,949 per hectare based on a 25 year cycle for oil palm
(v)	Discount rate	9.5%

Financial year ended 31 December 2019

(i)	CPO price	RM2,450/MT to RM2,500/MT
(ii)	PK price	RM1,450/MT to RM1,850/MT
(iii)	Average FFB yield	18.1 MT/ha to 26.8 MT/ha
(iv)	Estate cost	Mature estate costs – RM2,795 per hectare to RM3,368 per hectare based on a 25 year cycle for oil palm Immature estate costs – RM4,175 per hectare to RM4,889 per hectare based on a 25 year cycle for oil palm
(v)	Discount rate	9.5%

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in any of the base case assumptions would cause the carrying amount of the CGU to exceed the recoverable amount.

a) CPO and PK price

CPO and PK is determined based on the forecast provided by the Group's trading arm subsidiary, based on historical results and industry trend.

b) Average FFB yield and estate costs

The average FFB yield and estate costs are based on forecast provided by the Group's upstream operations management, based on this Group's approved budget, historical results and industry trend.

c) Discount rate

The post-tax discount rate used reflects specific industry risks relating to the palm plantation operations including consideration of comparison with comparable peer companies in Malaysia.

(iii) Others

Included in others is goodwill of RM6,037,000, which arose from the acquisition of cattle and dairy operations and is allocated to FGV Dairy Farm Sdn. Bhd. (Note 24(b)(i)). The amount is not deemed to be material to the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
<u>At cost less accumulated impairment</u>		
(i) Malaysian quoted shares:		
Ordinary shares:		
At 1 January	196,190	270,026
Reversal of impairment/(impairment loss) (Note 24(d))	12,400	(73,836)
At 31 December	208,590	196,190
(ii) Malaysian unquoted shares:		
Ordinary shares:		
At 1 January	6,670,611	6,592,493
Additions	10,570	270,000
Disposal of a subsidiary	-	(200,000)
Impairment loss (Note 24(d))	(5,500)	-
Conversion of amount due from a subsidiary into investment in equity of the subsidiary (Note 29)	3,493	8,118
At 31 December	6,679,174	6,670,611
(iii) Foreign unquoted shares:		
At 1 January	9,232	110,419
Disposal of a subsidiary	-	(101,187)
At 31 December	9,232	9,232
(iv) RCPS/RCCPS:		
At 1 January	1,533,249	1,796,335
Reversal of impairment/(impairment loss) (Note 24(d))	47,300	(263,086)
At 31 December	1,580,549	1,533,249
(v) Capital contribution to subsidiaries:		
At 1 January/31 December	15,482	15,482
Total	8,493,027	8,424,764
Market value of Malaysian quoted shares, based on Group's effective interest	204,356	315,498

The disclosure of market value of Malaysia quoted shares is based on Level 1 fair value computation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows:

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Direct subsidiaries</u>										
Felda Global Ventures Indonesia Sdn. Bhd.	Malaysia	Under liquidation	100.0	100.0	100.0	100.0	-	-	-	-
FGV Sugar Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0
Felda Global Ventures Perlis Sdn. Bhd.	Malaysia	Currently in process of annulment of winding up process	100.0	100.0	100.0	100.0	-	-	-	-
FGV Resources Sdn. Bhd.	Malaysia	Dormant	100.0	100.0	100.0	100.0	-	-	-	-
FGV USA Properties, Inc.*	United States of America	Operator of residential real estate in USA	100.0	100.0	100.0	100.0	-	-	-	-
MSM Malaysia Holdings Berhad	Malaysia	Investment holding	11.0	11.0	51.0	51.0	49.0	49.0	-	-
FGV Downstream Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0
FGV Plantations Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Direct subsidiaries</u>										
<u>(continued)</u>										
FGV Shared Service Centre Sdn. Bhd.	Malaysia	Provide transactional processing activities for finance and human resources function of FGV Holdings Berhad Group of companies	100.0	100.0	100.0	100.0	-	-	-	-
FGV R&D Sdn. Bhd.	Malaysia	Research and development	100.0	100.0	100.0	100.0	-	-	-	-
FGV Capital Sdn. Bhd.	Malaysia	Undertake the business of all kinds of treasury services	100.0	100.0	100.0	100.0	-	-	-	-
FGV Investment (L) Pte. Ltd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	-	-
Pontian United Plantations Berhad	Malaysia	Investment holding and cultivation of oil palm	100.0	100.0	100.0	100.0	-	-	-	-
Felda Holdings Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	-	-
FGV Research Sdn. Bhd.	Malaysia	Investment holding company	100.0	100.0	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Direct subsidiaries</u>										
<u>(continued)</u>										
FGV Integrated Farming Holdings Sdn. Bhd.	Malaysia	Investment holding company	100.0	100.0	100.0	100.0	-	-	-	-
<u>Indirect subsidiaries</u>										
<u>Subsidiaries of MSM Malaysia Holdings Berhad</u>										
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of sugar products and investment holding	-	-	51.0	51.0	49.0	49.0	-	-
MSM Perlis Sdn. Bhd.	Malaysia	Raw sugar refining, rubber and oil palm plantations	-	-	51.0	51.0	49.0	49.0	-	-
MSM Trading & Distribution Sdn. Bhd.	Malaysia	Buy and sell commodity products	-	-	51.0	51.0	49.0	49.0	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries (continued)</u>										
<u>Subsidiaries of MSM</u>										
<u>Malaysia Holdings Berhad (continued)</u>										
MSM Sugar Refinery (Johor) Sdn. Bhd.	Malaysia	Carry on business in sugar product and by-product and to import raw sugar and others for milling and refining of sugar	-	51.0	51.0	49.0	-	49.0	-	-
MSM Trading International DMCC # Emirates	United Arab Emirates	Under liquidation	-	51.0	51.0	49.0	-	49.0	-	-
<u>Subsidiary of MSM</u>										
<u>Prai Berhad</u>										
MSM Logistics Sdn. Bhd.	Malaysia	Provision of transportation services	-	51.00	51.00	49.0	-	49.0	-	-
<u>Subsidiaries of FGV</u>										
<u>Downstream</u>										
<u>Sdn. Bhd.</u>										
Felda Global Ventures North America Sdn. Bhd.	Malaysia	Investment holding	-	100.0	100.0	-	-	-	100.0	-
FGV Biotechnologies Sdn. Bhd.	Malaysia	Processing and sale of biodiesel products	-	100.0	100.0	-	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries (continued)</u>										
<u>Subsidiaries of FGV Downstream Sdn. Bhd. (continued)</u>										
FGV Cambridge Nanosystems Limited* (Note 5)	United Kingdom	Production, manufacturing, biodiesel marketing, selling and/or trading of high grade carbon nanotubes and graphene	-	-	-	70.0	-	30.0	-	-
FGV Green Energy Sdn. Bhd.	Malaysia	Processing and sale of biodiesel products	-	-	60.0	60.0	40.0	40.0	-	-
<u>Subsidiaries of Felda Global Ventures North America Sdn. Bhd.</u>										
Twin Rivers Technologies Holdings, Inc. #	United States of America	Investment holding	-	-	100.0	100.0	-	-	-	-
Twin Rivers Technologies Holdings-Enterprise De Transformation De Graines Oleagineuses Du Quebec Inc*	Canada	Investment holding	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
Indirect subsidiaries (continued)										
Subsidiaries of Twin Rivers Technologies Holding, Inc.										
Twin Rivers Technologies Manufacturing Corporation #	United States of America	Procurement, processing and supply of fatty acids	-	100.0	100.0	100.0	-	-	-	-
TRT Europe GmbH #	Germany	Dormant	-	100.0	100.0	100.0	-	-	-	-
Subsidiary of Twin Rivers Technologies Manufacturing Corporation										
Fore River Transportation Corporation #	United States of America	Operation, management and maintenance of a railroad service	-	100.0	100.0	100.0	-	-	-	-
Subsidiary of FGV Cambridge Nanosystems Ltd.										
GasPlas AS * (Note 5)	Norway	Research and experimental development on natural sciences and engineering	-	70.0	-	30.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries (continued)</u>										
<u>Subsidiaries of FGV Plantations Sdn. Bhd.</u>										
FGV Plantations (Malaysia) Sdn. Bhd.	Malaysia	Production of FFB, rubber cup-lump and other agricultural products	-	-	100.0	100.0	-	-	-	-
FGV Kalimantan Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
FGV Trading Sdn. Bhd.	Malaysia	Purchasing of oil palm FFB, processing, refining and sale of its finished products, and trading of commodities products	-	-	100.0	100.0	-	-	-	-
<u>Subsidiaries of FGV Plantations (Malaysia) Sdn. Bhd.</u>										
Asian Plantations Limited #	Singapore	Investment holding	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
Indirect subsidiaries (continued)										
Subsidiaries of Asian Plantations Limited										
Asian Plantations (Sarawak) Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Asian Plantations (Sarawak) II Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Asian Plantations (Sarawak) III Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Subsidiaries of Asian Plantations (Sarawak) Sdn. Bhd.										
BI Corporation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Incosetia Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Fortune Plantation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Asian Plantations Milling Sdn. Bhd.	Malaysia	Oil palm milling	-	-	100.0	100.0	-	-	-	-
Subsidiary of Incosetia Sdn. Bhd.										
South Asian Farms Sdn. Bhd.	Malaysia	Dormant	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of Asian Plantations (Sarawak) II Sdn. Bhd.</u>										
Kronos Plantation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Grand Performance Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
<u>Subsidiary of Asian Plantations Sarawak III Sdn. Bhd.</u>										
Jubilant Paradise Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	60.0	60.0	40.0	40.0	-	-
<u>Subsidiaries of FGV Kalimantan Sdn. Bhd.</u>										
PT. Citra Niaga Perkasa #	Indonesia	Oil palm plantation	-	-	95.0	95.0	5.0	5.0	-	-
PT. Temila Agro Abadi #	Indonesia	Oil palm Plantation	-	-	95.0	95.0	5.0	5.0	-	-
PT Bumi Agro Nusantara #	Indonesia	Management and consulting services	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u> <u>(continued)</u>										
<u>Subsidiaries of FGV Investment (L) Pte. Ltd.</u>										
FGV Myanmar (L) Pte. Ltd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
FGV Cambodia (L) Pte. Ltd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
<u>Subsidiaries of FGV Cambodia (L) Pte. Ltd.</u>										
FGV-CVC (Cambodia) Co. Ltd. #	Cambodia	Production and export of rubber blocks and other processed rubber	-	-	75.0	75.0	25.0	25.0	-	-
<u>Subsidiaries of Pontian United Plantations Berhad</u>										
Redefined Land Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Kilang Kelapa sawit Pontian Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Bangsar Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Sabahanya Plantations Sdn. Bhd. @	Malaysia	Investment holding and cultivation of oil palm	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of Pontian United Plantations Berhad (continued)</u>										
Pontian Fico Plantations Sdn. Bhd.	Malaysia	Investment holding, cultivation and purchase of oil palm, fresh fruit bunches, processing, extraction of crude palm oil and palm kernel for sale	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Orico Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm and sales of oil palm seedlings	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Pendiroso Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm and investment holding	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Materis Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm and investment holding	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Hillco Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Subok Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of Pontian United Plantations Berhad (continued)</u>										
Yapidmas Plantation Sdn. Bhd.	Malaysia	Cultivation of oil palm and provision of management services	-	-	100.0	100.0	-	-	-	-
Sri Kehuma Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Ladang Kluang Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Tanah Emas Oil Palm Processing Sdn. Bhd.	Malaysia	Operation of a palm oil mill	-	-	100.0	100.0	-	-	-	-
<u>Subsidiaries of Sabahanya Plantations Sdn. Bhd</u>										
Rawajaya Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Blossom Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of Felda Holdings Bhd.</u>										
FGV Palm Industries Sdn. Bhd.	Malaysia	Investment holding and the provision of tolling services related to the processing of fresh fruit bunches into crude palm oil and palm kernel	-	-	72.0	72.0	28.0	28.0	-	-
FGV Agri Services Sdn. Bhd.	Malaysia	Production and sale of palm oil, cocoa, rat poison, fertilisers and oil palm seeds and provision of agricultural research services	-	-	76.9	76.9	23.1	23.1	-	-
Felda Travel Sdn. Bhd.	Malaysia	Travel and tour agent	-	-	100.0	100.0	-	-	100.0	100.0
Malaysia Cocoa Manufacturing Sdn. Bhd.	Malaysia	Ceased operations in 2016	-	-	100.0	100.0	-	-	-	-
FGV Fertiliser Sdn. Bhd.	Malaysia	Manufacturing and selling of granulated compound fertilisers	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of Felda Holdings Bhd.</u>										
<u>(continued)</u>										
FGV Prodata Systems Sdn. Bhd.	Malaysia	Provision of computer services sale of computer software and equipment	-	-	80.0	80.0	20.0	20.0	-	-
FGV Johore Bulkers Sdn. Bhd.	Malaysia	Storing and handling of palm oil products	-	-	73.1	73.1	26.9	26.9	-	-
FGV Rubber Industries Sdn. Bhd.	Malaysia	Processing of raw latex to concentrated latex and Standard Malaysia Rubber ("SMR"), manufacturing, trading and distribution of rubber related products	-	-	71.4	71.4	28.6	28.6	-	-
Felda Engineering Services Sdn. Bhd.	Malaysia	Engineering services including project management, sale of industrial equipment and property management	-	-	51.0	51.0	49.0	49.0	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u> (continued)										
<u>Subsidiaries of Felda Holdings Bhd.</u> (continued)										
FGV Transport Services Sdn. Bhd.	Malaysia	Provision of liquid and general cargo transportation, courier and forwarding services and jetty operation services	-	-	51.0	51.0	49.0	49.0	-	-
FGV Security Services Sdn. Bhd.	Malaysia	Provision of security services	-	-	51.0	51.0	49.0	49.0	-	-
F.W.Q. Enterprises (Pvt.) Pakistan Ltd.*	Pakistan	Provision of jetty services	-	-	65.0	65.0	35.0	35.0	-	-
FGV Logistics Sdn. Bhd.	Malaysia	Provision of transportation	-	-	90.0	90.0	10.0	10.0	-	-
FGV Products Sdn. Bhd. (Note 4)	Malaysia	Sales, marketing, and distribution of retail packed consumer products	-	-	100.0	-	-	-	-	-
<u>Subsidiaries of FGV Palm Industries Sdn. Bhd.</u>										
FGV Refineries Sdn. Bhd.	Malaysia	Tolling services of crude palm oil and palm kernel oil	-	-	48.0	48.0	52.0	52.0	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
Indirect subsidiaries (continued)										
Subsidiaries of FGV Palm Industries Sdn. Bhd. (continued)										
FGV Kernel Products Sdn. Bhd.	Malaysia	Buying and processing oil palm kernels, refined palm oil products and selling its products	-	-	60.0	60.0	40.0	40.0	-	-
Delima Oil Products Sdn. Bhd.	Malaysia	Processing and packaging of palm oil based products	-	-	72.0	72.0	28.0	28.0	-	-
FGV Marketing Services Sdn. Bhd.	Malaysia	Marketing of FGV Holdings Berhad ("FGVH") group of companies' commodity products	-	-	36.7	36.7	63.3	63.3	-	-
FNI Biofuel Sdn. Bhd. *	Malaysia	Manufacturing of biomass fuel from empty fruit bunch	-	-	72.0	72.0	28.0	28.0	-	-
Subsidiary of FGV Refineries Sdn. Bhd.										
F.S. Oils Sdn. Bhd. *	Malaysia	Under liquidation	-	-	48.0	48.0	52.0	52.0	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries (continued)</u>										
<u>Subsidiary of FGV Marketing Services Sdn. Bhd.</u>										
PT. Cashgrow Ventures #	Indonesia	Commodity trading	-	-	34.9	34.9	65.1	65.1	-	-
<u>Subsidiaries of FGV Rubber Industries Sdn. Bhd.</u>										
Feltex Co. Ltd. *	Thailand	Processing and marketing of latex concentrate	-	-	36.4	36.4	63.6	63.6	-	-
P.T. Felda Indo Rubber *	Indonesia	Under liquidation	-	-	50.0	50.0	50.0	50.0	-	-
<u>Subsidiaries of FGV Johore Bulkiers Sdn. Bhd.</u>										
FGV Bulkiers Sdn. Bhd.	Malaysia	Storing and handling export of palm oil, oleochemical products, latex concentrate and SMR	-	-	86.3	86.3	13.7	13.7	-	-
P.T. Patisindo Sawit *	Indonesia	Storing and handling export of vegetable oil	-	-	72.7	72.7	27.3	27.3	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of FGV</u>										
<u>Johore Bulkers Sdn. Bhd. (continued)</u>										
Langsat Bulkers Sdn. Bhd.	Malaysia	Provision of bulking installation services for palm oil and related vegetable oil products	-	-	73.1	73.1	26.9	26.9	-	-
<u>Subsidiary of FGV Bulkers Sdn. Bhd.</u>										
FGV Grains Terminal Sdn. Bhd.	Malaysia	Handling storage transportation, mixing and blending of palm kernel and grains	-	-	70.3	70.3	29.7	29.7	-	-
<u>Subsidiaries of Felda Engineering Services Sdn. Bhd.</u>										
Allied Engineering Consultancy Services Sdn. Bhd. *	Malaysia	Provision of engineering consultancy services	-	-	51.0	51.0	49.0	49.0	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u>										
<u>(continued)</u>										
<u>Subsidiaries of Felda Engineering Services Sdn. Bhd. (continued)</u>										
Felda Properties Sdn. Bhd.	Malaysia	Property development and management, project management for mining and logging activities and acting as manager in managing certain projects on behalf of FELDA	-	-	51.0	51.0	49.0	49.0	-	-
<u>Subsidiaries of Felda Travel Sdn. Bhd.</u>										
Plantation Resorts Sdn. Bhd.	Malaysia	Under liquidation	-	-	100.0	100.0	-	-	-	-
<u>Subsidiary of FGV Research Sdn. Bhd.</u>										
FGV Applied Technologies Sdn. Bhd.	Malaysia	Research and development of mechanisation, automation, milling, biomass, bio and oleochemicals and food technology	-	-	100.0	100.0	-	-	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
Indirect subsidiaries (continued)										
Subsidiaries of FGV Integrated Farming Holdings Sdn. Bhd.										
FGV Dairy Farm Sdn. Bhd. (Note 1)	Malaysia	Engaged in the business calves for producing milk, genetic improvement, supplying genetic materials and other related services	-	-	60.0	-	40.0	-	-	-
FGV Agro Fresh Technology Sdn. Bhd. (formerly known as Agro Fresh Technology Group Sdn. Bhd.) (Note 3)	Malaysia	Retail sale of any kind of product over the internet, wholesale of other foodstuffs, wholesale of meat, fish, fruits and vegetables N.E.C	-	-	-	52.0	-	48.0	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2020	2019	2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%	%	%
<u>Indirect subsidiaries</u> <u>(continued)</u>										
<u>Subsidiary of FGV Dairy Farm Sdn. Bhd.</u>										
Bright Cow Industries Sdn. Bhd. (Note 1)	Malaysia	Manufacturing and trading of dairy products	-	-	60.0	-	40.0	-	-	-
<u>Subsidiary of FGV Trading Sdn. Bhd.</u>										
FGV-PU India Pte. Ltd. (Note 2)	India	Sale regional office including market intelligence and business development work for India market	-	-	70.0	-	30.0	-	-	-

The proportion of voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

* Audited by firms other than member firms of PricewaterhouseCoopers International Limited

Audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia

@ 30% equity stake in Sabahanya Plantations Sdn. Bhd. is held in trust for the beneficial interest of the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisitions, incorporation and disposal of subsidiaries during the financial year

- Note 1 On 19 February 2020, FGV Integrated Farming Holdings Sdn. Bhd. ("FGVIF") (previously known as FGV Leads Sdn. Bhd.), a wholly-owned subsidiary of the Company, subscribed to 60% equity interest of FGV Dairy Farm Sdn. Bhd. (previously known as Redagri Farm Sdn. Bhd.) and its wholly-owned subsidiary, Bright Cow Industries Sdn. Bhd. ("FGVDF Group") for a total consideration of RM10.05 million. Refer (b)(i) for the effects of the acquisition of FGVDF Group.
- Note 2 On 8 May 2020, FGV Trading Sdn. Bhd. ("FGVT"), a wholly-owned subsidiary of the Company, entered into a shareholder agreement with Pre Unique India Private Limited ("PU") to manage and operate FGV-PU India Pte. Ltd. ("FGVPU"), a company incorporated in India. The subscription for the shares by FGVT and PU were INR24.5 million (RM1.39 million) and INR10.5 million respectively. Consequently, FGVPU became a 70% subsidiary of FGVT.
- Note 3 On 14 September 2020, FGVIF entered into a shareholder agreement with Gogo Trade Asia Sdn. Bhd. ("GTA") to manage and operate FGV Agro Fresh Technology Sdn. Bhd. ("FGV AFT") (formerly known as Agro Fresh Technology Group Sdn. Bhd.), a company incorporated in Malaysia. The subscription consideration for the shares by FGVIF and GTA were RM520,000 and RM480,000 respectively. Consequently, FGV AFT became a 52% subsidiary of FGVIF.
- Note 4 On 14 October 2020, Felda Holdings Bhd. incorporated a wholly-owned subsidiary known as FGV Products Sdn. Bhd., a company incorporated in Malaysia.
- Note 5 On 23 December 2020, FGV Downstream Sdn Bhd, a wholly-owned subsidiary of the Company, disposed its 70% equity interest in FGV Cambridge Nanosystems Limited and its subsidiary GasPlas AS ("FGV CNS Group") which previously had been reclassified to assets held for sale, for a total consideration of £8 million (approximately RM43.92 million), resulting in a gain on disposal of RM31.52 million to the Group (Note 38).

(i) The effects of the acquisition of FGVDF Group during the financial year are as follows:

	Carrying value / fair value RM'000
Property, plant and equipment	10,521
Deferred tax assets	563
Inventories	8
Receivables	71
Cash and cash equivalents	10,257
Payables	(1,103)
Borrowing	(13,596)
Taxation	(32)
Total net assets acquired	6,689
Non-controlling interests	(2,676)
Fair value of net assets acquired	4,013

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisitions, incorporation and disposal of subsidiaries during the financial year (continued)

(i) The effects of the acquisition of FGVDF Group during the financial year are as follows: (continued)

The cash outflow on acquisition is as follows:

	RM'000
Purchase consideration	10,050
Less : Cash and cash equivalents acquired	(10,257)
Net cash inflow on acquisition	207

The goodwill on acquisition is as follows:

	RM'000
Purchase consideration	10,050
Fair value of net assets acquired	(4,013)
Goodwill on acquisition (Note 23)	6,037

The Group recognised the non-current controlling interest in FGVDF Group at the non-controlling interest's proportionate share of the recognised amounts of FGVDF Group's identifiable net assets.

The effect of the acquisition of FGVDF Group on the financial results of the Group during the financial year is shown below:

	RM'000
Revenue	5,159
Cost of sales	(4,958)
Gross profit	201
Operating expenses	(1,927)
Finance cost	(35)
Loss after taxation	(1,761)

The effect of the acquisition of FGVDF Group on the financial results of the Group during the financial year had the acquisition taken effect at the beginning of financial year is shown below:

	RM'000
Revenue	5,216
Cost of sales	(5,174)
Gross profit	42
Operating expenses	(2,345)
Finance cost	(428)
Loss after taxation	(2,731)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Liquidation, restructuring and disposal of subsidiaries in previous financial year

- (i) On 12 February 2019, the member's voluntary winding up process for Felda Plantations Sdn. Bhd. ("FPSB"), a dormant and indirect subsidiary of the Company had been completed and was deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016.
- (ii) On 20 February 2019, the process to strike-off the name of Felda Global Ventures Rubber Sdn. Bhd. ("FGVR"), a wholly-owned subsidiary of the Company, from the Register of the Companies Commission of Malaysia under Section 550 of the Companies Act 2016 ("the Act") had been completed and FGVR was deemed duly dissolved under the Act. The dissolution did not have material financial impact to the Group for the financial year ended 31 December 2019.
- (iii) On 15 May 2019, the process to strike-off the name of FGV Lipid Venture Sdn. Bhd. ("FGVLV"), a subsidiary of the Company, from the Register of the Companies Commission of Malaysia under Section 550 of the Act had been completed and FGVLV was deemed duly dissolved under the Act. The dissolution did not have material financial impact to the Group for the financial year ended 31 December 2019.
- (iv) On 14 June 2019, FGV Plantations Sdn. Bhd., a wholly-owned subsidiary of the Company had on 30 May 2019 entered into a Share Sale Agreement to acquire 200,000,000 ordinary shares, representing 100% of the total issued and paid-up share capital of FGV Trading Sdn. Bhd. ("FGVT") from the Company for a total consideration of RM200,000,000.

The above transaction was an internal re-organisation exercise whereby FGVT has become a direct subsidiary of FGVP which in turn had become an indirect subsidiary of the Company.

This exercise did not have any effect on the issued and paid-up capital of the Company or Company's substantial shareholders' shareholdings or any material effect on the earnings, net assets or gearing of the Company on a consolidated basis.

- (v) On 10 July 2019, the Company entered into an Equity Transfer Agreement with Grand Industrial Holding Co., Ltd to dispose a 100% equity interest in FGV China Oils Ltd ("FGVCO") for a total consideration of RMB165 million (approximately RM97.15 million). The disposal was completed on 10 September 2019, resulting in a gain on disposal of RM219,000 to the Group and loss of RM56,415,000 at the Company level.

The effects of the disposal of FGVCO on the financial position of the Group in previous financial year end was as follows:

	RM'000
Property, plant and equipment	51,887
Rights-of-use assets	24,450
Inventories	4,756
Receivables	4,970
Cash and cash equivalents	14,836
Payables	(3,967)
Net assets disposed	96,932
Gain on disposal of a subsidiary	219
Proceeds from disposal	97,151
Less: Cash and cash equivalents	(14,836)
Less: Deferred consideration receivables	(4,968)
Net cash inflow from disposal of a subsidiary	77,347

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Liquidation, restructuring and disposal of subsidiaries in previous financial year (continued)

On the disposal of FGVCO, the Group recognised a gain of RM3.66 million arising from realisation of accumulated foreign exchange difference in foreign exchange reserve to profit or loss.

The Company recognised a loss on disposal of RM56.4 million being the difference between the net proceeds from disposal of RM44.8 million and the derecognition of cost of investment of RM101.2 million.

The remaining proceeds from disposal of RM52.4 million was used to pay the loan to FGV Capital Sdn. Bhd., a wholly-owned subsidiary of the Company.

(vi) On 23 September 2019, the Board of Directors of the Company announced that Plantation Resorts Sdn. Bhd. and F.S. Oils Sdn. Bhd., both indirect subsidiaries of the Company have been placed under Members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The liquidators had been appointed for both companies on the same day. The voluntary winding up of both companies did not have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2019.

(vii) On 14 November 2019, the Board of Directors of the Company announced that Felda Global Ventures Indonesia Sdn. Bhd., a wholly-owned subsidiary of the Company had been placed under Members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The liquidator has been appointed for the company on the same day. The voluntary winding up of the subsidiary did not have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2019.

(d) Reversal of impairment/(impairment) on investment in subsidiaries

(i) FGV Sugar Sdn. Bhd. ("FGV Sugar") and MSM Malaysia Holdings Berhad ("MSMH")

The recoverable amounts of the Company's investment in subsidiaries in FGV Sugar and MSMH were reassessed during the financial year.

The recoverable amounts of the investments were determined based on value in use of the investments, being the holding companies of the sugar business, computed based on the net present value of the projected future cash flows derived from the sugar business, adjusted for financing and tax and discounted at 10.0%. The other key assumptions used are as disclosed in Note 23(a)(i) of the financial statements.

Based on the value in use assessments of FGV Sugar and MSMH, the recoverable amounts were computed at RM885,300,000 and RM208,500,000 respectively, resulting in reversal of impairment of RM47,300,000 and RM12,400,000 in the Company's investment in FGV Sugar and MSMH respectively.

(ii) FGV Research Sdn. Bhd. ("FGV Research")

During the financial year, the Company assessed the investment in FGV Research for impairment, arising from the shortfall of the net tangible asset of FGV Research.

The recoverable amount of the investment was determined based on the value in use of the investment, computed based on the net present value of the projected future cash flows derived from the business, adjusted for financing and tax and discounted at 12%.

Based on the value in use assessment, the recoverable amount was computed at RM22,500,000, resulting in impairment of RM5,500,000 in the carrying value of the Company's investment in FGV Research.

Based on sensitivity analysis performed by the Company, the impact of 1% increase in the discount rate used, which was a key assumption, would have resulted in additional impairment loss of approximately RM7,500,000.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Impairment on investment in subsidiaries in the previous financial year

(i) FGV Sugar and MSMH

In the previous financial year, the Company assessed the investments in FGV Sugar and MSMH for impairment, arising from the rationalisation exercise of the sugar business and the impairment of property, plant of equipment of one of the sugar business entity (Note 20).

Based on the value in use assessments of FGV Sugar and MSMH, the recoverable amount were computed at RM838,079,000 RM196,190,000 respectively, resulting in impairment of RM263,086,000 in the Company's investment in FGV Sugar and impairment of RM73,836,000 in the investment in MSMH.

(f) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant).

Summarised statements of financial position

	MSM Malaysia Holdings Berhad Group		FGV Palm Industries Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Current</u>				
Assets	797,291	958,100	1,201,889	1,325,256
Liabilities	(613,752)	(657,583)	(375,421)	(424,192)
Total current net assets	183,539	300,517	826,468	901,064
<u>Non-current</u>				
Assets	1,972,989	2,023,084	1,155,124	1,265,398
Liabilities	(579,581)	(665,652)	(277,773)	(286,103)
Total non-current net assets	1,393,408	1,357,432	877,351	979,295
Net assets	1,576,947	1,657,949	1,703,819	1,880,359

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (f) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant). (continued)

Summarised statements of comprehensive income

	MSM Malaysia Holdings Berhad Group		FGV Palm Industries Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	2,184,463	2,006,911	818,300	4,616,852
(Loss)/profit before zakat and taxation	(45,270)	(304,972)	34,495	170,553
Tax and zakat (expense)/credit	(30,537)	11,060	(8,681)	(52,715)
(Loss)/profit for the financial year	(75,807)	(293,912)	25,814	117,838
Other comprehensive (loss)/income	(4,777)	(5,674)	(353)	1,867
Total comprehensive (loss)/income	(80,584)	(299,586)	25,461	119,705
(Loss)/profit attributable to non-controlling interest	(37,145)	(144,017)	7,228	32,995
Total comprehensive (loss)/income attributable to non-controlling interest	(39,486)	(146,798)	7,129	36,133
Accumulated non-controlling interest	772,909	812,395	477,069	526,500
Dividends paid to non-controlling interest	-	-	56,560	62,216

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (f) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant). (continued)

Summarised statements of cash flows

	MSM Malaysia Holdings Berhad Group		FGV Palm Industries Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flow generated from operations	285,133	268,982	198,907	1,087,317
Retirement benefits paid	-	-	(438)	(4,482)
Zakat paid	-	(14)	(3,395)	-
Income tax refund/(paid)	(32,930)	6,579	(14,615)	(14,183)
Net cash generated from operating activities	252,203	275,547	180,459	1,068,652
Net cash (used in)/generated from investing activities	(25,917)	(13,243)	85,812	(19,696)
Net cash used in financing activities	(199,345)	(207,525)	(174,587)	(1,092,200)
Net increase/(decrease) in cash and cash equivalents	26,941	54,779	91,684	(43,244)
Effect of foreign exchange rate changes	(709)	(38)	-	-
Cash and cash equivalents at beginning of financial year	152,961	98,220	212,245	255,489
Cash and cash equivalents at end of financial year	179,193	152,961	303,929	212,245

25 INTERESTS IN ASSOCIATES

	Group	
	2020 RM'000	2019 RM'000
Share of net assets of associates	38,058	39,757

Summarised financial information in respect of the associates' revenue and Group's share of results of its associates is set out below:

	Group	
	2020 RM'000	2019 RM'000
Associates' revenue	46,332	229,749
Group's share of results for the financial year	366	(1,625)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

25 INTERESTS IN ASSOCIATES (CONTINUED)

Set out below are details of the associates of the Group as at 31 December 2020. The associates as listed below have share capital consisting of ordinary and RCPS shares, which are held directly and indirectly by the Group, have financial years ending 31 December, unless otherwise stated, and are measured by way of equity accounting.

Name of company	Place of business/ country of incorporation	Group's effective interest		Nature of business
		2020 %	2019 %	
<u>Indirect associates</u>				
<u>Associates of FHB</u>				
Nilai Education Sdn. Bhd.	Malaysia	30.0	30.0	(i)
FKW Global Commodities (PVT) Limited	Malaysia	30.0	30.0	(ii)
<u>Associate of PUP</u>				
Malacca Plantation Sdn. Bhd.	Malaysia	34.3	34.3	(iii)
(i)	Management of an educational institute.			
(ii)	Commodity trading			
(iii)	Investment holding and cultivation of oil palm			

In previous financial year, the Board of Director of the Company had approved a proposed divestment of the 30% equity interest in Nilai Education Sdn. Bhd. ("NESB"), an associate of the Group. Consequently, the interest in NESB amounting to RM25,534,000 (2019: RM26,903,000) had been classified as asset held for sale in the statements of financial position as the criteria under MFRS 5 "Non-current Assets Held For Sale And Discontinued Operations" has been met (Note 38). As at 31 December 2020, the Group continues with its plan to divest NESB.

In previous financial year, Paragon Yield Sdn. Bhd. was disposed for a total consideration of RM29,000,000, resulting in a loss on disposal amounting to RM1,413,000.

There are no material contingent liabilities relating to the Group's interests in the associates.

The associate companies above are private companies and have no quoted market price available for their shares.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

25 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates

Set out below are the summarised financial information for Malacca Plantation Sdn. Bhd. and the aggregate of other associate ("insignificant in aggregate") which are accounted for using the equity method:

Summarised statements of financial position

	Malacca Plantation Sdn. Bhd.		Insignificant in aggregate		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Current</u>						
Cash and cash equivalents	14,165	1,065	1,350	44	15,515	1,109
Other current assets (excluding cash)	7,482	17,902	19,383	11,843	26,865	29,745
Total current assets	21,647	18,967	20,733	11,887	42,380	30,854
Financial liabilities (excluding trade payables)	(958)	(749)	-	(1,152)	(958)	(1,901)
Other current liabilities (including trade payables)	(72)	(77)	(13,280)	(4,810)	(13,352)	(4,887)
Total current liabilities	(1,030)	(826)	(13,280)	(5,962)	(14,310)	(6,788)
<u>Non-current</u>						
Assets	83,719	93,668	10	17	83,729	93,685
Financial liabilities	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Net assets	104,336	111,809	7,463	5,942	111,799	117,751

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

25 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

Summarised statements of comprehensive income

	Malacca Plantation Sdn. Bhd.		Insignificant in aggregate		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	7,303	5,813	39,029	223,936	46,332	229,749
Profit/(loss) from continuing operations	2,281	2,554	4,141	(5,293)	6,422	(2,739)
Tax and zakat expense	-	-	(2,333)	(3,585)	(2,333)	(3,585)
Post-tax profit/(loss) from continuing operations	2,281	2,554	1,808	(8,878)	4,089	(6,324)
Other comprehensive gain/(loss)	-	-	9	(3,522)	9	(3,522)
Total comprehensive gain/(loss)	2,281	2,554	1,817	(12,400)	4,098	(9,846)
Dividends received from associates	3,348	1,030	89	137	3,437	1,167

The information above reflects the figures after group adjustments on the amounts presented in the financial statements of the associates.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

25 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in associates

	Malacca Plantation Sdn. Bhd.		Insignificant in aggregate		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Opening net assets	111,809	112,255	5,942	209,854	117,751	322,109
Profit/(loss) for the financial year	2,281	2,554	1,808	(8,878)	4,089	(6,324)
Dividend	(9,754)	(3,000)	(296)	(456)	(10,050)	(3,456)
Other comprehensive gain/(loss)	-	-	9	(3,522)	9	(3,522)
Disposal	-	-	-	(101,378)	-	(101,378)
Transfer to assets held for sale	-	-	-	(89,678)	-	(89,678)
Closing net assets	104,336	111,809	7,463	5,942	111,799	117,751
Interest in associates	34%	34%	30%	30%	30%-34%	30%-34%
Carrying value	35,819	37,974	2,239	1,783	38,058	39,757
Unrecognised share of loss	-	-	-	-	-	-

26 INTERESTS IN JOINT VENTURES

	Group	
	2020 RM'000	2019 RM'000
Share of net assets of joint ventures	452,896	448,414
Accumulated impairment losses	(11,350)	(11,350)
	441,546	437,064

Notes to the Financial Statements

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26 INTERESTS IN JOINT VENTURES (CONTINUED)

The joint ventures' revenue, Group's share of results and capital commitments of its joint ventures are as follows:

	2020 RM'000	2019 RM'000
Joint ventures' revenue	4,791,004	5,103,365
Group's share of results for the financial year	23,441	14,858
Share of capital commitments of joint ventures	20,833	11,197

Set out belows are details of the joint ventures of the Group as at 31 December 2020. The joint ventures as listed below have share capital consisting solely of ordinary shares and have financial years ending 31 December, unless otherwise stated, and are measured by way of equity accounting, other than Kuala Muda Joint Venture, which is based on their share of net assets.

Name of company	Country of incorporation	Group's effective interest		Nature of business
		2020 %	2019 %	
<u>Indirect joint ventures</u>				
<u>Joint venture of FGVD</u>				
FGV Iffco Sdn. Bhd.	Malaysia	50.0	50.0	(i)
<u>Joint venture of FGVK</u>				
Trurich Resources Sdn. Bhd.	Malaysia	50.0	50.0	(ii)
<u>Joint ventures of FHB</u>				
FPG Oleochemicals Sdn. Bhd.	Malaysia	50.0	50.0	(iii)
Malaysia Pakistan Venture Sdn. Bhd. # (30 June)	Malaysia	37.5	37.5	(iv)
Mapak Edible Oils (Pvt) Ltd. # (30 June)	Pakistan	30.0	30.0	(v)
MEO Trading Sdn. Bhd. #	Malaysia	30.0	30.0	(vi)
FTJ Biopower Sdn. Bhd. #	Malaysia	43.0	43.0	(vii)
MyBiomass Sdn. Bhd. #	Malaysia	23.1	23.1	(viii)
<u>Indirect joint operation</u>				
Kuala Muda Estate Joint Venture	Malaysia	50.0	50.0	(ix)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

26 INTERESTS IN JOINT VENTURES (CONTINUED)

There are no material contingent liabilities relating to the Group's interest in the joint ventures.

- (i) Refining, processing and packing of palm oil based products
- (ii) Oil palm plantation operation
- (iii) Processing and selling of oleochemical products
- (iv) Investment holding
- (v) Manufacturing and marketing of finished customer and industrial palm oil products
- (vi) Futures trading
- (vii) Developing, constructing, operating and maintaining a power plant
- (viii) Dormant
- (ix) Cultivation of oil palms

The Group treated these entities as joint ventures as the shareholder agreements require unanimous consent over decisions about relevant activities among the partners.

Felda Holdings Bhd. ("FHB"), a wholly-owned subsidiary of the Company, increased the shareholder's contribution amounting to RM1.27 million (2019: RM6.58 million) in Mapak Edible Oils (Pvt) Ltd. ("MEO"), an indirect joint venture of the Company, for the purpose of funding the proposed expansion of oilseed crushing and solvent extraction plants.

In previous financial year, the Board of Directors of the Company announced that the members' voluntary winding-up process (In Members' Voluntarily Liquidation) for ProXcel Sdn. Bhd. ("ProXcel"), an indirect joint venture company of the Company had been completed and ProXcel was deemed fully dissolved on 21 November 2019 pursuant to Section 459 (5) of the Companies Act 2016. As a result, the Group derecognised its interest in ProXcel and the effect of the dissolution was not material to the Group.

In previous financial year, in relation to the Termination of the Joint Venture Agreement between FGV Myanmar (L) Pte. Ltd., a wholly owned subsidiary of the Company and Pho La Min Trading Company Limited in 12 May 2017, the Board of Directors of the Company announced that FGV Pho La Min Co., Ltd. ("FGV PLM"), an indirect joint venture of the Company has been terminated. This was following the notification received from The Government of the Republic of the Union of Myanmar, Ministry of Investment and Foreign Economic Relations, Directorate of Investment and Company Administration. As a result, FGV PLM had ceased to be a joint venture company of the Group. The termination did not have material financial impact to the Group for the financial year ended 31 December 2019.

The joint venture companies above are private companies and have no quoted market price available for their shares.

There are no material contingent liabilities relating to the Group's interest in the joint ventures.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

Set out below are the summarised financial information for FGV Iffco Sdn. Bhd. ("FISB"), FPG Oleochemicals Sdn. Bhd. ("FPG") and the aggregate for other joint ventures ("insignificant in aggregate") which are accounted for using the equity method.

Summarised statements of financial position

	FISB		FPG			Insignificant in aggregate			Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000		2020 RM'000	2019 RM'000		2020 RM'000	2019 RM'000
<u>Current</u>										
Cash and cash equivalents	142,311	103,615	121,292	277,640		21,259	17,231		284,862	398,486
Other current assets (excluding cash)	432,167	683,625	293,121	223,203		174,660	453,400		899,948	1,360,228
Total current assets	574,478	787,240	414,413	500,843		195,919	470,631		1,184,810	1,758,714
Financial liabilities (excluding trade payables)	(395,957)	(449,592)	-	-		(439)	(91,503)		(396,396)	(541,095)
Other current liabilities (including trade payables)	(221,675)	(415,474)	(42,734)	(127,445)		(123,075)	(334,276)		(387,484)	(877,195)
Total current liabilities	(617,632)	(865,066)	(42,734)	(127,445)		(123,514)	(425,779)		(783,880)	(1,418,290)
Non-current										
Assets	212,985	242,717	307,129	287,377		148,420	1,157,943		668,534	1,688,037
Financial liabilities	(17,504)	(19,296)	(63,605)	(36,688)		(9,008)	(1,009,511)		(90,117)	(1,065,495)
Total non-current liabilities	(17,504)	(19,296)	(63,605)	(36,688)		(9,008)	(1,009,511)		(90,117)	(1,065,495)
Net assets	152,327	145,595	615,203	624,087		211,817	193,284		979,347	962,966

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures (continued)

Summarised statements of comprehensive income

	FISB		FPG		Insignificant in aggregate		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	3,175,164	3,490,776	1,173,806	1,111,179	442,034	501,410	4,791,004	5,103,365
Depreciation and amortisation	(30,463)	(31,401)	(13,837)	(13,549)	-	-	(44,300)	(44,950)
Interest expense	(15,821)	(22,810)	(1,732)	(599)	-	-	(17,553)	(78,087)
Profit before taxation	25,985	50,417	32,677	88,928	20,441	(82,786)	79,103	56,559
Tax expense	(10,416)	(17,691)	(11,561)	(21,305)	-	(7,707)	(21,977)	(46,703)
Profit for the financial year	15,569	32,726	21,116	67,623	20,441	(90,493)	57,126	9,856
Other comprehensive loss	(8,837)	(6,041)	-	-	(1,486)	(89,961)	(10,323)	(96,002)
Total comprehensive income/(loss)	6,732	26,685	21,116	67,623	18,955	(180,454)	46,803	(86,146)
Dividends received from joint ventures	-	5,000	15,000	35,000	1,401	2,895	16,401	42,895

The information above reflects the figures after group adjustments on the amounts presented in the financial statements of the joint ventures.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

26 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

	FISB		FPG		Insignificant in aggregate		Total
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000
Opening net assets	145,595	128,910	624,087	626,464	193,284	359,400	962,966
Profit/(loss) for the financial year	15,569	32,726	21,116	67,623	20,441	(90,493)	57,126
Dividend	-	(10,000)	(30,000)	(70,000)	(4,668)	(7,610)	(34,668)
Other comprehensive loss	(8,837)	(6,041)	-	-	(1,486)	(89,961)	(10,323)
Additional of investment	-	-	-	-	4,246	21,948	4,246
Closing net assets	152,327	145,595	615,203	624,087	211,817	193,284	979,347
Interest in joint ventures	50%	50%	50%	50%	23%-50%	23%-50%	-
Carrying value	76,164	72,798	307,601	312,043	57,781	52,223	441,546
Unrecognised share of loss	-	-	-	-	(57,299)	(24,167)	(57,299)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

27 RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current assets</u>				
Deposits	6,406	6,406	-	-
Prepayment (Note i)	136,078	86,736	-	-
	142,484	93,142	-	-
Loss allowance:				
Deposits	(6,406)	(6,406)	-	-
	136,078	86,736	-	-
<u>Current assets</u>				
Trade receivables (Note ii)	1,300,490	1,152,909	-	-
Other receivables (Note iii)	240,288	138,725	2,564	5,502
Prepayments	44,108	55,243	295	279
Deposits (Note iv)	34,207	66,742	7,673	10,972
Goods and services tax ("GST") receivable	8	6,382	-	-
	1,619,101	1,420,001	10,532	16,753
Loss allowance:				
Trade receivables	(191,903)	(190,973)	-	-
Other receivables	(13,564)	(13,140)	(195)	-
Deposits	(2,679)	(2,671)	-	-
	1,410,955	1,213,217	10,337	16,753
Total	1,547,033	1,299,953	10,337	16,753

(Note i) Included in non-current prepayments is a security deposit amounting to RM62,120,000 (2019: RM62,120,000) paid to ultimate holding company under the LLA dated 1 November 2011, which shall be set off towards any payment of the lease amount prior to expiry or sooner upon reclamation of land under the LLA, lease receivables which represent outstanding net present value of receipts under leasing arrangements amounting to RM17,675,000 (2019: RM14,484,000) and prepayment for purchase a precious metal to catalyze certain reactions in its production process at cost amounting to RM51,899,000 (2019: RM Nil).

(Note ii) Included in trade receivables are cooking oil subsidy receivable from Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan of RM33,333,000 (2019: RM6,786,000).

(Note iii) Included in other receivables of the Group are amounts placed with brokers for CPO and sugar futures trading facilities totalling RM54,031,000 (2019: RM58,363,000).

(Note iv) Included in current deposits of the Group are deposit for Provisional Pricing Agreement ("PPA") entered into with a supplier for precious metals for use in production amounting to RM Nil (2019: RM46,246,000) and deposits in relation to medical insurance facilities of the Group and of the Company amounting to RM8,000,000 (2019: RM8,000,000).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

27 RECEIVABLES (CONTINUED)

The receivables are denominated as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
- Ringgit Malaysia	889,313	707,882	10,337	11,785
- United States Dollar	647,222	573,332	-	-
- Indonesian Rupiah	4,305	8,644	-	-
- Chinese Yuen Renminbi	-	4,968	-	4,968
- Thai Baht	5,074	4,036	-	-
- Pakistan Rupee	674	951	-	-
- Singapore Dollars	129	140	-	-
- Euro dollar	316	-	-	-
	1,547,033	1,299,953	10,337	16,753

The credit terms of trade receivables are up to 90 days (2019: 90 days).

(a) Reconciliation of loss allowance

(i) Trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2020 reconciles to the opening loss allowance balance as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
<u>Group</u>			
Opening loss allowance as at 1 January 2019	14,622	171,290	185,912
Increase in loss allowance (net)	855	6,708	7,563
Write-offs	(122)	(1,695)	(1,817)
Foreign exchange movements	-	(685)	(685)
Loss allowance as at 31 December 2019/1 January 2020	15,355	175,618	190,973
Increase/(decrease) in loss allowance (net)	3,992	(2,887)	1,105
Write-offs	-	(232)	(232)
Foreign exchange movements	-	57	57
Closing loss allowance as at 31 December 2020	19,347	172,556	191,903

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

27 RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

(i) Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit exposure of trade receivables for which an ECL allowance is recognised, based on collective and individual impairment assessment:

	Current RM'000	Up to 30 days past due RM'000	31 days to 90 days past due RM'000	More than 91 days past due RM'000	Total RM'000
<u>Group</u>					
<u>31 December 2020</u>					
Gross carrying amount	701,040	353,075	38,538	207,837	1,300,490
Individual impairment - credit impaired	-	-	-	(172,556)	(172,556)
	701,040	353,075	38,538	35,281	1,127,934
Expected credit loss rate	0.2%	0.2%	7.7%	40.8%	
Collective impairment	(1,322)	(658)	(2,974)	(14,393)	(19,347)
	699,718	352,417	35,564	20,888	1,108,587
Carrying amount (net of loss allowance)					
<u>31 December 2019</u>					
Gross carrying amount	496,563	391,243	40,683	224,420	1,152,909
Individual impairment - credit impaired	-	-	-	(175,618)	(175,618)
	496,563	391,243	40,683	48,802	977,291
Expected credit loss rate	0.04%	0.2%	2.1%	28.0%	
Collective impairment	(185)	(637)	(845)	(13,688)	(15,355)
	496,378	390,606	39,838	35,114	961,936
Carrying amount (net of loss allowance)					

The increase in trade receivables' ECL during the financial year relates to receivables from current year sales that are credit-impaired.

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27 RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

(ii) Other receivables and deposits using general 3 stage approach

The loss allowance for other receivables and deposits as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
<u>Group</u>				
Opening loss allowance as at 1 January 2019	-	-	22,048	22,048
Individual financial assets transferred to under-performing	-	1,321	(1,321)	-
(Decrease)/increase in loss allowance (net)	-	(3)	200	197
Foreign exchange movements	-	-	(28)	(28)
Loss allowance as at 31 December 2019/ 1 January 2020	-	1,318	20,899	22,217
Increase in loss allowance (net)	-	-	467	467
Written off	-	-	(83)	(83)
Foreign exchange movements	-	-	48	48
Closing loss allowance as at 31 December 2020	-	1,318	21,331	22,649

The following table contains an analysis of the credit exposure of other receivables and deposits for which an ECL allowance is recognised, based on individual impairment assessment:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
<u>Group</u>				
<u>31 December 2020</u>				
Gross carrying amount	258,065	1,505	21,331	280,901
Loss allowance	-	(1,318)	(21,331)	(22,649)
Carrying amount (net of loss allowance)	258,065	187	-	258,252
<u>31 December 2019</u>				
Gross carrying amount	189,656	1,318	20,899	211,873
Loss allowance	-	(1,318)	(20,899)	(22,217)
Carrying amount (net of loss allowance)	189,656	-	-	189,656

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

28 CONTRACT ASSETS

The Group's contract assets relating to the provision of construction and IT services as at financial year end can be summarised as follows:

	Group	
	2020 RM'000	2019 RM'000
<u>Contract assets</u>		
At 1 January	28,417	33,733
Performance obligations performed	44,540	22,471
Transfer from contract assets to receivables	(43,526)	(27,787)
	29,431	28,417
Loss allowance	(1,551)	-
At 31 December	27,880	28,417

Reconciliation of loss allowance

Contract assets amounts using simplified approach

The loss allowance for contract assets as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
<u>Group</u>			
Opening loss allowance as at 1 January 2020	-	-	-
Increase in loss allowance (net)	1,551	-	1,551
Closing loss allowance as at 31 December 2020	1,551	-	1,551

The following table contains an analysis of the credit exposure of contract assets for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
<u>Group</u>			
Gross carrying amount at 31 December 2020	29,431	-	29,431
Loss allowance	(1,551)	-	(1,551)
Carrying amount (net of loss allowance) at 31 December 2020	27,880	-	27,880

The increase in contract assets' ECL during the financial year relates to contract assets from current financial year that are non-credit impaired.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

29 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current assets</u>				
Amounts due from:				
Joint ventures	142,099	139,116	-	-
Ultimate holding company	31,838	85,000	-	-
Subsidiary	-	-	659,455	634,340
Other related companies	34	12,276	-	-
	173,971	236,392	659,455	634,340
Provision for impairment:				
Joint ventures	(142,099)	(138,099)	-	-
Ultimate holding company	(19,383)	(32,724)	-	-
Other related companies	(34)	(58)	-	-
	12,455	65,511	659,455	634,340
<u>Current assets</u>				
Amounts due from:				
Ultimate holding company	62,440	70,375	4,053	4,053
Subsidiaries	-	-	128,059	452,562
Joint ventures	26,908	148,011	-	-
Other related companies	63,660	76,618	711	224
	153,008	295,004	132,823	456,839
Provision for impairment:				
Ultimate holding company	-	-	(4,033)	(4,033)
Subsidiaries	-	-	(11,621)	(12,434)
	-	-	(15,654)	(16,467)
	153,008	295,004	117,169	440,372
	165,463	360,515	776,624	1,074,712
<u>Current liabilities</u>				
Amounts due to:				
Ultimate holding company	(265,984)	(216,558)	(1,179)	(1,128)
Subsidiaries	-	-	(14,289)	(23,476)
Associate	(494)	(485)	-	-
Other related companies	(1,374)	(1,604)	(69)	(561)
	(267,852)	(218,647)	(15,537)	(25,165)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

29 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

- (a) The amounts due from/(to) ultimate holding company, joint ventures, an associate and other related companies are unsecured, free of financial charges and have credit terms ranging from 15 to 120 days (2019: 15 to 120 days).

The amounts due from/(to) subsidiaries are unsecured, free of financial charges and have credit term of 30 to 180 days (2019: 30 to 180 days), except for amount due from a subsidiary classified as non-current which is charged with interest at 5.3% (2019: 5.3%) per annum.

- (b) The amounts due from/(to) ultimate holding company, subsidiaries, joint ventures, an associate and other related companies are denominated as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Amount due from ultimate holding company</u>				
Ringgit Malaysia	74,895	122,651	20	20
<u>Amounts due from subsidiaries</u>				
Ringgit Malaysia	-	-	775,893	1,074,468
<u>Amounts due from joint ventures</u>				
Ringgit Malaysia	26,908	129,260	-	-
United States Dollar	-	19,768	-	-
	26,908	149,028	-	-
<u>Amounts due from other related companies</u>				
Ringgit Malaysia	63,660	88,836	711	224
Total	165,463	360,515	776,624	1,074,712
<u>Amount due to ultimate holding company</u>				
Ringgit Malaysia	(265,984)	(216,558)	(1,179)	(1,128)
<u>Amounts due to subsidiaries</u>				
Ringgit Malaysia	-	-	(14,289)	(23,476)
<u>Amount due to an associate</u>				
Ringgit Malaysia	(494)	(485)	-	-
<u>Amounts due to other related companies</u>				
Ringgit Malaysia	(1,374)	(1,604)	(69)	(561)
Total	(267,852)	(218,647)	(15,537)	(25,165)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

29 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Amounts due from subsidiaries

	Company	
	2020 RM'000	2019 RM'000
At 1 January	1,074,468	722,222
Net movement during the financial year	(295,895)	364,610
Decrease/(increase) in loss allowance during the financial year	813	(4,246)
Conversion into ordinary shares # (Note 24)	(3,493)	(8,118)
At 31 December	775,893	1,074,468
<u>Analysed as:</u>		
Non-current	659,455	634,340
Current	116,438	440,128
	775,893	1,074,468

Financial year ended 31.12.2020

- # On 16 April 2020, the Company subscribed for 442,455 ordinary shares of USD1.00 each from FGV Investment (L) Pte. Ltd. ("FGVI"), a wholly-owned subsidiary of the Company, satisfied via a conversion of an amount due from FGVI of USD442,455, equivalent to RM1,878,000.
- # On 2 July 2020, the Company subscribed for 158,317 ordinary shares of USD1.00 each from FGVI, satisfied via a conversion of an amount due from FGVI of USD158,317, equivalent to RM672,000.
- # On 8 October 2020, the Company subscribed for 142,913 ordinary shares of USD1.00 each from FGVI, satisfied via a conversion of an amount due from FGVI of USD142,913, equivalent to RM607,000.
- # On 16 April 2020, the Company subscribed for 79,158 ordinary shares of USD1.00 each from FGVI, satisfied via a conversion of an amount due from FGVI of USD79,158, equivalent to RM336,000.

Financial year ended 31.12.2019

- # On 13 December 2019, the Company subscribed for 1,952,128 ordinary shares of USD1.00 each from FGVI, satisfied via a conversion of an amount due from FGVI of USD1,952,128, equivalent to RM8,118,000.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

29 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(a) Reconciliation of loss allowance

Amounts due from subsidiaries using general 3 stage approach

The loss allowance for amounts due from subsidiaries as at 31 December 2020 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
<u>Company</u>				
Opening loss allowance as at 1 January 2019	-	-	8,188	8,188
Increase in loss allowance (net)	-	-	4,246	4,246
Loss allowance as at 31 December 2019/ 1 January 2020	-	-	12,434	12,434
Decrease in loss allowance (net)	-	-	(813)	(813)
Closing loss allowance as at 31 December 2020	-	-	11,621	11,621

The following table contains an analysis of the credit exposure of amounts due from subsidiaries for which an ECL allowance is recognised, based on individual impairment assessment:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
<u>Company</u>				
<u>31 December 2020</u>				
Gross carrying amount	775,893	-	11,621	787,514
Loss allowance	-	-	(11,621)	(11,621)
Carrying amount (net of loss allowance)	775,893	-	-	775,893
<u>31 December 2019</u>				
Gross carrying amount	1,074,468	-	12,434	1,086,902
Loss allowance	-	-	(12,434)	(12,434)
Carrying amount (net of loss allowance)	1,074,468	-	-	1,074,468

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

29 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

Trade amounts due from ultimate holding company and other related companies using simplified approach

The loss allowance for trade amounts due from ultimate holding company and other related companies as at 31 December 2020 reconciles to the opening loss allowance balance as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
Group			
Opening loss allowance as at 1 January 2019	78,861	12,221	91,082
(Decrease)/increase in loss allowance (net)	(68,790)	10,490	(58,300)
Loss allowance as at 31 December 2019/1 January 2020			
	10,071	22,711	32,782
Decrease in loss allowance (net)	(4,273)	(9,092)	(13,365)
Closing loss allowance as at 31 December 2020	5,798	13,619	19,417

The following table contains an analysis of the credit exposure trade amounts due from ultimate holding company and other related companies for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
Group			
<u>31 December 2020</u>			
Gross carrying amount	143,404	41,476	184,880
Individual assessment	(5,798)	(13,619)	(19,417)
Carrying amount (net of loss allowance)	137,606	27,857	165,463
<u>31 December 2019</u>			
Gross carrying amount	331,797	60,483	392,280
Individual assessment	(10,071)	(22,711)	(32,782)
Carrying amount (net of loss allowance)	321,726	37,772	359,498

The decrease in the loss allowance for the financial year relates to decrease of ECL from amounts due from ultimate holding company and other related companies due to settlement of the long outstanding amounts during the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

29 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

Non-trade amounts due from joint ventures using general 3 stage approach

The loss allowance for non-trade amounts due from joint ventures as at 31 December 2020 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
Group				
Opening loss allowance as at 1 January 2019	-	-	48,430	48,430
Increase in loss allowance (net)	-	-	89,669	89,669
Loss allowance as at 31 December 2019/ 1 January 2020	-	-	138,099	138,099
Increase in loss allowance (net)	-	-	4,000	4,000
Closing loss allowance as 31 December 2020	-	-	142,099	142,099

The following table contains an analysis of the credit exposure non-trade amounts due from joint ventures for which an ECL allowance is recognised, based on individual impairment assessment:

	Performing RM'000	Non- performing RM'000	Total RM'000
Group			
<u>31 December 2020</u>			
Gross carrying amount	-	142,099	142,099
Individual assessment	-	(142,099)	(142,099)
Carrying amount (net of loss allowance)	-	-	-
<u>31 December 2019</u>			
Gross carrying amount	-	139,116	139,116
Individual assessment	-	(138,099)	(138,099)
Carrying amount (net of loss allowance)	-	1,017	1,017

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

30 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

						Group
						<u>2020</u>
						<u>2019</u>
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
<u>Non-current</u>						
Islamic profit rate swap	416,667	-	10,163	426,667	-	5,166
<u>Current</u>						
Foreign currency forward contracts	529,402	9,561	929	525,576	18,388	11
Palm oil futures contracts	306,257	4,500	-	219,240	-	29,255
	835,659	14,061	929	744,816	18,388	29,266
	1,252,326	14,061	11,092	1,171,483	18,388	34,432

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. The Islamic profit rate swap is accounted for as cash flow hedge.

The notional amount of contracts outstanding are as follows:

	2020	2019
Foreign currency forward contracts	USD129,378,817	USD124,227,695
Palm oil futures contracts	127,250 MT	84,700 MT

31 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	2020 RM'000	2019 RM'000
<u>Group</u>		
At 1 January	107,434	86,224
Additions	3,521	8,034
Fair value changes	47,406	13,176
Disposals	(14,007)	-
Currency translation differences	(103)	-
At 31 December	144,251	107,434
Analysed as:		
Non-current	144,251	107,434

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

31 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

During the financial year, the Group disposed an equity security after covering the return of the investment. The Group recorded a fair value gain of RM14.01 million through other comprehensive income and dispose off for a consideration of RM14.01 million, resulting in no gain or loss on disposal. The accumulated fair value gain relates to the investment in other comprehensive income reserve was transferred to retained earnings at the point of disposal.

The FVOCI comprise the following:

	2020 RM'000	2019 RM'000
Quoted equity securities:		
- In Malaysia	3,566	3,748
Unquoted equity securities:		
- In Malaysia	140,685	103,686
	144,251	107,434

The Group has irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in other comprehensive income. The Group considers this classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purpose.

Financial assets at FVOCI are denominated in the following currencies:

	2020 RM'000	2019 RM'000
- Ringgit Malaysia	57,063	45,534
- United States Dollar	87,189	61,900
	144,251	107,434

The fair values of unquoted securities are based on the average of price-to-book or price earnings ratio of similar equities in the market and is a Level 3 fair value computation (Note 4(c)).

32 LOANS DUE FROM JOINT VENTURES

	Group	
	2020 RM'000	2019 RM'000
At 1 January	-	70,201
Repayment	-	(22,510)
Provision for impairment	-	(47,171)
Currency translation differences	-	(520)
At 31 December	-	-

In previous financial year, loans due from joint ventures were unsecured and had credit terms of 180 days with interest rate of 6.02% per annum.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

32 LOANS DUE FROM JOINT VENTURES (CONTINUED)

(a) Reconciliation of loss allowance

Loans due from joint ventures using general 3 stage approach

The loss allowance for loans due from joint ventures as at 31 December 2020 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
Group				
At 1 January 2019	-	2,300	-	2,300
Transfer to non-performing	-	(2,300)	2,300	-
Increase in loss allowance	-	-	44,871	44,871
At 31 December 2019	-	-	47,171	47,171
At 31 December 2020	-	-	47,171	47,171

33 INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
- Finished goods	710,907	743,543
- Raw materials	354,700	396,408
- Work in progress	31,859	29,830
- Chemicals	31,914	51,826
- Stores, consumables and replaceable products	63,236	91,430
	1,192,616	1,313,037

34 BIOLOGICAL ASSETS

	Oil Palm	
	2020 RM'000	2019 RM'000
Group		
At 1 January	45,766	42,446
Transfer to inventory	(45,766)	(42,446)
Fair value changes	57,012	45,764
Foreign exchange movement	(11)	2
At 31 December	57,001	45,766

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For The Financial Year Ended 31 December 2020

34 BIOLOGICAL ASSETS

Oil Palm

Oil palm represents the fresh fruit bunches ("FFB") of up to 15 days prior to harvest for use in the Group's palm product operations. During the financial year ended 31 December 2020, the Group harvested approximately 4,287,626 metric tonnes ("MT") of FFB (2019: 4,447,188 MT). The quantity of unharvested FFB of the Group as at 31 December 2020 included in the fair valuation of FFB was 101,460 MT (2019: 106,791 MT).

In arriving at the fair value, the Group adopted the income approach which considers the net present value of all directly attributable cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

The Groups biological assets computation is a Level 3 fair value estimation.

If the selling prices of FFB or tonnage changed by 10%, the Group's fair value of FFB would have increased or decreased by approximately RM7.47 million (2019: RM6.03 million).

35 LOANS DUE FROM SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
At 1 January	62,600	6,999
Additions	434,437	305,249
Repayment	(128,151)	(248,586)
Provision for impairment	-	(1,062)
At 31 December	368,886	62,600
The loans are denominated as follows:		
- Ringgit Malaysia	368,886	62,600
	368,886	62,600

Financing terms of short term loans due from subsidiaries are between 30 to 365 days (2019: 30 to 365 days) with interest ranging from 0.43% % to 3.60% (2019: 0.43% to 3.60% per annum).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

35 LOANS DUE FROM SUBSIDIARIES

- (a) Reconciliation of loss allowance

Loans due from subsidiaries using general 3 stage approach

The loss allowance for loan due from subsidiaries as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Performing RM'000	Under- performing RM'000	Non- performing RM'000	Total RM'000
<u>Company</u>				
At 1 January 2019	-	-	-	-
Increase in loss allowance	-	-	1,062	1,062
Closing loss allowance as at 31 December 2019/ 1 January 2020	-	-	1,062	1,062
Write-offs	-	-	(1,062)	(1,062)
Closing loss allowance as at 31 December 2020	-	-	-	-

36 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2020 RM'000	2019 RM'000
At 1 January	58,940	46,055
Additions	13,278	23,781
Disposals	-	(8,731)
Fair value (losses)/gains credited to profit or loss (Note 11)	(1,618)	4,715
Currency translation differences	(2,399)	(6,880)
As at 31 December	68,201	58,940
Quoted investments:		
In Malaysia	4,215	3,999
Outside Malaysia	63,986	54,941
	68,201	58,940

Notes to the Financial Statements

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36 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets at fair value through profit or loss are denominated in the following currencies:

	Group	
	2020 RM'000	2019 RM'000
- Ringgit Malaysia	4,215	3,999
- Australian Dollar	6,464	8,298
- Pakistan Rupee	57,522	46,643
	68,201	58,940

The fair value of all equity securities is based on their quoted bid prices in an active market.

37 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits in:				
- Licensed banks	997,077	1,093,322	724	724
- Licensed financial institutions	168,110	186,341	10,043	65
	1,165,187	1,279,663	10,767	789
Cash and bank balances	564,007	337,959	9,306	8,398
Deposits, cash and bank balances	1,729,194	1,617,622	20,073	9,187
Less: Restricted cash	(63,737)	(49,175)	-	-
Cash and cash equivalents	1,665,457	1,568,447	20,073	9,187

Restricted cash of RM63,737,000 (2019: RM49,175,000) relates to cash pledged in order to obtain certain bank facilities.

The fixed deposits, cash and bank balances are denominated as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	1,451,560	1,389,114	17,899	7,212
United States Dollar	210,635	198,815	143	127
Canadian Dollar	1,496	1,496	1,504	1,496
Indonesian Rupiah	8,979	11,010	-	-
Pakistan Rupees	2,891	3,484	-	-
Great Britain Pound	46,073	7,747	527	352
Others	7,560	5,956	-	-
	1,729,194	1,617,622	20,073	9,187

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

37 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The weighted average finance rates (per annum) of fixed deposits and bank balances that were effective at the financial year end were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
- Licensed banks	2.88	2.52	2.01	2.93
- Licensed financial institutions	2.73	3.50	2.47	3.45

Fixed deposits as at 31 December 2020 for the Group and for the Company have average maturity periods of 87 days (2019: 81 days) and 80 days (2019: 30 days) respectively. Cash and bank balances are deposits held at call with banks.

38 ASSETS AND LIABILITIES HELD FOR SALE

The details of assets held for sale are as follows:

	Group	
	2020 RM'000	2019 RM'000
<u>Assets</u>		
Property, plant and equipment	6,332	80,794
Right-of-use assets	-	82,083
Intangible assets	-	1,547
Interests in an associate	25,534	26,903
Receivables	-	445
Deposits, cash and bank balances	-	727
Assets held for sale	31,866	192,499
<u>Liabilities</u>		
Payables	-	616
Liabilities related to assets held for sale	-	616

- (i) During the financial year, assets held for sale in relation to Malaysia Cocoa Manufacturing Sdn. Bhd., an indirect subsidiary of the Company with carrying value of RM4.02 million was disposed off for a total consideration of RM10.60 million, resulting in a gain on disposal of RM6.58 million.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

38 ASSETS AND LIABILITIES HELD FOR SALE

- (ii) During the financial year, assets held for sale in relation to FGV Cambridge Nanosystems Limited and its subsidiary GasPlas AS ("FGV CNS Group"), indirect subsidiaries of the Company with carrying value of RM0.29 million had been disposed off for a total consideration of £8 million (approximately RM43.92 million), resulting in a net gain on disposal of RM31.52 million to the Group as follow:

	RM'000
Proceeds from disposal	43,922
Net assets held for sale derecognised	(294)
Derecognition of non-controlling interests	(16,446)
Gain on disposal	27,182

On the disposal of FGV CNS Group, the Group recognised a gain of RM4.34 million arising from realisation of foreign exchange reserve to profit or loss.

- (iii) In previous financial year, MSMH, a subsidiary of the Group, had approved the proposed disposal of nine (9) parcels of leasehold agricultural lands known as "Ladang Chuping" registered under MSM Perlis Sdn. Bhd., a subsidiary of MSMH, for a total proceed of RM156,000,000, which was expected to be completed in 2020.

However, during the financial year, Ladang Chuping had not met the criteria required for the lands to be continued to be classified as asset held for sale, as the sales and purchase agreement was terminated. Consequently, the carrying value of the assets of RM154,851,000 had been reclassified to non-current assets.

39 SHARE CAPITAL

	Group and Company			
	2020 Number of shares '000	2019 Number of shares '000	2020 RM'000	2019 RM'000
Issued and fully paid up:				
Ordinary shares with no par value				
At 1 January/31 December	3,648,152	3,648,152	7,029,889	7,029,889
Special share				
At 1 January/ 31 December	#	#	#	#

Relating 1 unit special shares held by Minister of Finance of RM1

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. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

39 SHARE CAPITAL (CONTINUED)

The special share held by the Minister of Finance (Incorporated) has the following characteristics:

- (a) The Special Share may be held only by or transferred only to the Minister of Finance (Incorporated) or its successor or any Minister, representative or any person authorised by the Government of Malaysia to act on its behalf.
- (b) The Special Shareholder shall have the right from time to time to appoint any existing Director to be a Government Appointed Director so that there shall not be more than three (3) Government Appointed Director at any one time and such Government Appointed Directors shall hold the position of the Chairman of the Board of Directors, Managing Director/Chief Executive Officer and one (1) Director.
- (c) The Special Shareholder or any person acting on behalf of the Special Shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class or shareholders of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (d) The Special Shareholder may, subject to the provisions of the Acts, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (e) In a distribution of capital in a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other Member. The Special Share shall confer no other right to participate in the capital or profits of the Company.

40 TREASURY SHARES

During the financial year, the Company purchased 2,968,100 (2019: 2,317,600) of its issued ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average price of approximately RM0.88 per share (2019: RM1.28 per share). The total consideration paid was RM2,620,000 (2019: RM3,186,000) including transaction costs of RM7,000 (2019: RM10,000). The purchase transactions were financed by internally generated funds. The shares purchased are retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year. In the current financial year, 2,901,400 (2019: 2,653,100) of its treasury shares of RM2,404,000 (2019: RM3,589,000) vested to the employees and employees of the subsidiaries within the Group as part of equity settled share based compensation plan (Note 54).

41 FOREIGN EXCHANGE RESERVE

The foreign exchange reserve is used to record exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It also represents the share of foreign exchange differences in the cumulative net investment of foreign associates and joint ventures.

42 REORGANISATION RESERVE

The reorganisation reserve represents the difference between the fair value of the purchase consideration and carrying value of the net assets acquired arising from the acquisition of plantation estates.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

43 OTHER RESERVES

Group	Other comprehensive income reserve RM'000	LTIP reserve RM'000	Cash flow hedge reserve RM'000	Total RM'000
<u>2020</u>				
At 1 January 2020	(18,148)	-	(2,534)	(20,682)
Fair value changes	47,476	-	-	47,476
Realisation upon disposal	(14,007)	-	-	(14,007)
Cash flow hedges	-	-	(2,163)	(2,163)
Employee share grant	-	2,404	-	2,404
Transfer from treasury shares	-	(2,404)	-	(2,404)
At 31 December 2020	15,321	-	(4,697)	10,624

<u>2019</u>				
At 1 January 2020	(31,288)	-	285	(31,003)
Fair value changes	13,140	-	-	13,140
Cash flow hedges	-	-	(2,819)	(2,819)
Employee share grant	-	3,589	-	3,589
Transfer from treasury shares	-	(3,589)	-	(3,589)
At 31 December 2020	(18,148)	-	(2,534)	(20,682)

Company	LTIP reserve RM'000
<u>2020</u>	
At 1 January 2020	-
Employee share grant	672
Recharge to subsidiaries	1,732
Transfer from treasury shares	(2,404)
At 31 December 2020	-

<u>2019</u>	
At 1 January 2019	-
Employee share grant	668
Recharge to subsidiaries	2,921
Transfer from treasury shares	(3,589)
At 31 December 2019	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

43 OTHER RESERVES (CONTINUED)

Long Term Incentive Plan ("LTIP") reserve

LTIP reserve relates to reserve created from the corresponding increase in equity from expenses recognised in profit or loss over the vesting period of the equity-settled share based compensation plan for the Group's employees as disclosed in Note 54 to the financial statements.

Cash flow hedge reserve

The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps which are designated in cash flow hedge relationships. To the extent this hedge is effective, the change in fair value of the hedge instrument is recognised in the cash flow hedge reserve. The gain or loss relating to the effective portion of the interest rate swaps is reclassified to profit or loss and recognising within 'finance cost'.

44 BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Current</u>				
Secured:				
Short term trade financing	32,254	33,522	-	-
Islamic term loans	113,660	107,839	-	-
Term loans	-	71,909	-	-
Unsecured:				
Islamic short term trade financing	2,261,655	2,775,418	75,080	75,080
Short term trade financing	225,908	265,816	-	-
Islamic term loans	105	-	-	-
	2,633,582	3,254,504	75,080	75,080
<u>Non-current</u>				
Secured:				
Islamic term loans	759,730	766,054	-	-
Unsecured:				
Islamic short term trade financing	13,452	-	-	-
	773,182	766,054	-	-
Total borrowings	3,406,764	4,020,558	75,080	75,080

Notes to the Financial Statements

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44 BORROWINGS (CONTINUED)

The maturity profile of borrowings are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total borrowings				
Islamic short term trade financing	2,275,107	2,775,418	75,080	75,080
Short term trade financing	258,162	299,338	-	-
Islamic term loans	873,495	873,893	-	-
Term loans	-	71,909	-	-
	3,406,764	4,020,558	75,080	75,080
Less: Repayable after more than one year	(773,182)	(766,054)	-	-
	2,633,582	3,254,504	75,080	75,080

The maturity profile of borrowings are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Less than 1 year	2,633,582	3,254,504	75,080	75,080
Between 1 and 5 years	773,182	766,054	-	-
	3,406,764	4,020,558	75,080	75,080

The borrowings are denominated as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
- Ringgit Malaysia	3,189,536	3,643,625	75,080	75,080
- United States Dollar	143,185	302,088	-	-
- Great Britain Pound	66,800	63,647	-	-
- Thai Baht	7,243	8,097	-	-
- Singapore Dollar	-	3,101	-	-
	3,406,764	4,020,558	75,080	75,080

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

44 BORROWINGS (CONTINUED)

The maturity profile of borrowings are as follows:

	Group		Company	
	Finance rate	Effective finance rate at date of statement of financial position per annum %	Finance rate	Effective finance rate at date of statement of financial position per annum %
<u>2020</u>				
Islamic short term trade financing	Fixed	1.90 – 4.22	Fixed	2.65 – 3.83
Short term trade financing	Fixed	0.60 – 6.87	-	-
Islamic term loans	Floating	3.76 – 5.44	-	-
<u>2019</u>				
Islamic short term trade financing	Fixed	1.26 – 5.60	Fixed	3.83 – 4.11
Short term trade financing	Fixed	2.60 – 6.87	-	-
Islamic term loans	Floating	5.24 – 6.43	-	-
Term loans	Floating	6.30 – 6.40	-	-

The secured term loans consist of the following:

- (i) RM873,390,000 (2019: RM873,893,000) Islamic term loans is secured against a leasehold land, debenture and certain bank balances of the Group.
- (ii) RM Nil (2019: RM71,909,000) term loan which has a tenure of 30 months is secured against an assignment of proceeds from land disposal and the Assignment and Charge of the Designated Accounts.

The secured short term trade financing consists of the following:

- (i) RM32,254,000 (2019: RM33,522,000) short term trade financing is secured over certain property, plant and equipment, benefits of an insurance covering finished goods, and guaranteed by some of the directors and/or shareholders of certain subsidiary companies.

Islamic term loans

MSM Malaysia Holdings Berhad ("MSMH"), a subsidiary of the Company is required to comply with certain financial covenants i.e. consolidated net debt and financing to equity ratio, consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio and consolidated finance payment cover ratio (collectively known as "financial covenants"). The financial covenants are to be complied with annually (2019: annually).

On 10 December 2020, MSMH had obtained a consent letter from its lender to defer the imposition of all the financial covenants for financial year ending 31 December 2020. The imposition is conditional upon MSMH obtaining an official valuation report addressed to its lender on a land leased by the MSMH and a prepayment of RM40,000,000. These conditions have been confirmed as fulfilled by the lender on 28 December 2020.

As a result of the prepayment, the MSMH had recorded a loan modification credit of RM11,695,000.

Term loan

In previous financial year, MSMH's term loans, which had a tenure of 30 months (2019: 30 months) were secured against an assignment of proceeds from leasehold agriculture land disposal and the Assignment and Charge of the Designated Accounts. This loan had been repaid in full during the year ended 31 December 2020.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

45 LEASE LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
At 1 January	300,795	294,080
Additions	120,144	31,513
Interest accretion	18,667	15,623
Repayments	(43,676)	(39,121)
Termination of lease contracts	(9,798)	(1,300)
Currency translation differences	(306)	-
At 31 December	385,826	300,795

	Group	
	2020 RM'000	2019 RM'000
Non-current	358,036	258,957
Current	27,790	41,838
	385,826	300,795

	Company	
	2020 RM'000	2019 RM'000
At 1 January	35,427	38,633
Interest accretion	1,657	1,819
Repayments	(5,019)	(5,025)
At 31 December	32,065	35,427

	Company	
	2020 RM'000	2019 RM'000
Non-current	28,702	32,064
Current	3,363	3,363
	32,065	35,427

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

46 LOANS DUE TO ULTIMATE HOLDING COMPANY

	Group and Company	
	2020 RM'000	2019 RM'000
Unsecured:		
- Non-current	882,866	883,176
- Current	3,322	3,322
	886,188	886,498

Early settlement of loans due to ultimate holding company of RM272 million was made in the previous financial year.

The loans are denominated as follows:

	Group and Company	
	2020 RM'000	2019 RM'000
- Ringgit Malaysia	886,188	886,498

Effective finance rate for the loans is as follows:

	Group and Company			
	Finance rate	Effective finance rate at date of statement of financial position per annum %	Finance rate	Effective finance rate at date of statement of financial position per annum %
Loans due to ultimate holding company	Fixed	4.837	Fixed	4.837

The carrying amount and fair value of the loans due to ultimate holding company are as follows:

	Group and Company			
	Carrying amount		Fair value	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans due to ultimate holding company	886,188	886,498	892,759	886,406

The fair value of loans due to ultimate holding company is based on cash flows discounted using a rate based on the borrowing rate of 4.60% (2019: 4.84%). The fair value of the loans due to ultimate holding company is a Level 2 computation.

Cash flows and non-cash changes arising from loans due to ultimate holding company financing activities are disclosed in statements of cash flows.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

47 LOANS DUE TO SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
<u>Unsecured:</u>		
- Non-current	1,283,922	1,324,884
- Current	121,537	152,228
	1,405,459	1,477,112

The loans are denominated as follows:

- Ringgit Malaysia	1,405,459	1,477,112
	1,405,459	1,477,112

Effective finance rate for the loans is as follows:

	Company			
	Finance rate	Effective finance rate at date of statement of financial position per annum %	Finance rate	Effective finance rate at date of statement of financial position per annum %
Loans due to ultimate holding company	Fixed/ Floating	5.32	Fixed/ Floating	5.78

The carrying amount and fair value of the loans due to subsidiaries are as follows:

	Group and Company			
	Carrying amount		Fair value	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans due to subsidiaries	1,405,459	1,477,112	1,406,461	1,532,864

The fair value of loans due to subsidiaries is based on cash flows discounted using a rate based on the borrowing rate of 5.40% (2019: 5.78%). The fair value of the loans due to subsidiaries is a Level 2 computation.

Cash flows and non-cash changes arising from loans due to subsidiaries financing activities are disclosed in statements of cash flows.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

48 LAND LEASE AGREEMENT (“LLA”) LIABILITY

The land lease agreement liability is calculated based on the terms set out in the various agreements as follows:

(i) Land Lease Agreement (“LLA”)

The Company entered into an agreement with FELDA on 1 November 2011 to lease for a period of 99 years; (i) land with individual land titles issued to FELDA as the registered owner; (ii) existing land granted to FELDA for development but where individual land titles have not been issued to FELDA; and (iii) other land to be alienated or to be acquired by FELDA in the future.

FELDA may terminate lease on certain land as follows:

- (a) Land with minerals, as the rights for minerals are excluded from the lease;
- (b) Acquisition or intended acquisition under the Land Acquisition Act, 1960 (“LAA”), notice of reclamation by the relevant authority or such other notice of a similar nature issued pursuant to any legislation of Malaysia.

In the event of termination, FELDA will provide a notice period ranging from 10 days – 18 months, depending on the size of the land and circumstances of the reclamation.

Upon reclamation, compensation will be receivable from FELDA by the Group for the loss of expected future profits in respect of the land, calculated based on the average profit per hectare and the age profile of the applicable biological assets given up.

For land reclaimed by FELDA on behalf of third parties under Tenancy Agreement dated on 21 January 2012, no compensation will be receivable by the Company.

(ii) LLA Addendum

On 2 January 2012, the Company entered into an addendum to LLA (“LLA Addendum”) to acquire certain assets and liabilities other than biological assets of the plantation estates owned by FELDA for a purchase consideration equivalent to the carrying values of the assets and liabilities acquired as at 31 December 2011 amounting to RM54,690,000, removing the requirement for consents from State Authority prior to commencement of LLA and amending the definition of categories of assets requiring to be maintained by the Company. As a result, the LLA commenced on 1 January 2012.

(iii) Novation Agreement

FGV Plantations (Malaysia) Sdn. Bhd. (“FGVPM”), a subsidiary of the Company had entered into a novation agreement whereby all benefits, rights, title, interest, obligations, undertakings, covenants and liabilities of the Company under the LLA and LLA Addendum shall be transferred by the Company to FGVPM from 1 January 2012 and FELDA has consented to the transfer of all of the Company’s benefits, rights, title, interest, obligations, undertakings, covenants and liabilities to FGVPM subject to the terms and conditions of the novation agreement.

(iv) Tenancy Agreements

On 6 January 2012, FELDA and FGVPM entered into a tenancy agreement in respect of the LLA of which this tenancy shall be for an initial period of three years and upon expiry of the three year period, FGVPM shall have the option to renew the tenancy for further terms of three years each up to a total duration of 99 years unless terminated in accordance with the provisions of the LLA. The option to renew shall be exercisable by written notice, or by conduct of the parties allowing continued enjoyment of rights of the Land by FGVPM under the agreement. In the event that the Approvals for any part of the Land are obtained from time to time or individual land titles are issued by the state authorities for any part of the Additional Existing Land and the Approvals are obtained, the parties will proceed to register the lease in accordance with the LLA, and thereafter the Approved Land shall be excluded from this agreement and the tenancy therein and shall fall under the lease in the LLA.

On 21 January 2012, FELDA and FGVPM entered into a tenancy agreement in respect of certain plantation land which are vested in FELDA. This tenancy shall commence on 1 January 2012 and shall be for an initial period of three years. Upon expiry of the initial tenancy agreement’s three years term, FGVPM shall have the option to renew the tenancy for further terms of three years each up to a total duration of 99 years unless terminated in accordance with the provisions of the LLA and at an agreed consideration which reflects the Lease Consideration in accordance with the LLA. In the event FELDA losses rights to these land, no compensation is payable to FGVPM.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

48 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The land lease agreement liability is calculated based on the terms set out in the various agreements as follows: (continued)

(v) Management Agreement

On 21 May 2012, the Tenancy Agreement dated 6 January 2012 was supplemented by an addendum, whereby both FELDA and FGVPM acknowledged that as at 1 January 2012, FGVPM has yet to be deemed or recognised as native in respect of the lands in Sarawak to the Sarawak Land Code. Both FELDA and FGVPM agree to exclude all the Sarawak Land from the Tenancy Agreement and the LLA. Both FELDA and FGVPM agree that no lease consideration shall be deemed payable in respect of these Sarawak Land for the tenancy for the period commencing from 1 January 2012 until FGVPM has duly obtained the status of native, all Approvals have been obtained and upon registration of the lease in accordance with the Sarawak Land Code. Upon fulfilment of the aforementioned conditions, the Sarawak Lands will be included as part of the Remaining Existing Lands and the terms of the Land Lease Agreement shall be applicable in respect thereof and the accounting application shall remain the same as per LLA.

In the event the land or any part thereof at any time become affected by any notice by acquisition under Land Acquisition Act, 1960, the lessor may not be compensated for the termination costs.

(vi) Clarification Letter

On 17 July 2015, FELDA and FGVPM agreed upon the clarification of several terms within the LLA and its ancillary agreements, as follows:

- Maintenance costs of utilities on the lands managed by FELDA in Sahabat shall be charged to FGVPM;
- The refund of the security deposit paid by the company in respect of the LLA (Note 27) shall be by way of set-off towards any payment of the lease amount prior to expiry or sooner determination of the LLA; and
- The agreed formula to compute the Implied Revenue with respect to calculating the average fresh fruit bunches ("FFB") price used by FGVPM in the preparation of the statement of plantation operating profit is now clarified via a detailed formula and accompanying assumptions.

The leased land consists of planted oil palm and rubber areas. Based on the agreed leased area, the annual fixed lease amount payable is estimated to be RM243,673,000 (2019: RM243,781,000) per annum together with 15% (2019: 15%) of yearly plantation operating profit attributable to the land.

	Group	
	2020 RM'000	2019 RM'000
Non-current	3,881,584	4,063,332
Current	332,240	252,814
	4,213,824	4,316,146

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48 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

Movement in LLA liability is as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	4,316,146	4,328,008
Fair value changes charged to profit or loss (Note 11)	158,490	236,821
Repayment during the financial year	(260,812)	(248,683)
At 31 December	4,213,824	4,316,146

Fair value of the LLA liability has been measured using a discounted cash flow calculation using cash flow projections based on financial budgets approved by the Directors covering 91 years.

The key assumptions used to compute the fair value of the LLA liability are as follows:

(i)	Discount rate	9.47% (2019: 9.47%) based on discount rates applied by relevant comparable companies
(ii)	CPO price	RM2,450/MT to RM2,809/MT (2019: RM2,809/MT)
(iii)	PK price	RM1,500/MT to RM1,800/MT (2019: RM1,800/MT to RM1,850/MT)
(iv)	Average FFB Yield	16.3 MT/ha to 26.6 MT/ha (2019: 18.1 MT/ha to 26.8 MT/ha)
(v)	Mature estate cost	RM2,761 per hectare to RM3,566 per hectare (2019: RM2,795 per hectare to RM3,368 per hectare)
(vi)	Immature estate cost	RM4,499 per hectare to RM4,949 per hectare (2019: RM4,175 per hectare to RM4,889 per hectare)
(vii)	Lease term	Extension of lease term to 99 years (2019: 99 years) will be obtained for all land in the plantation estates

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

48 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The sensitivity of the LLA liability to changes in key assumptions is as follows:

Key assumptions	Change in assumption	Impact on LLA liability
(i) Discount rate	Increase by 0.5%	Decrease by RM226.9 million
	Decrease by 0.5%	Increase by RM253.7 million
(ii) CPO price	Increase by RM200 per metric tonne	Increase by RM317.9 million
	Decrease by RM200 per metric tonne	Decrease by RM342.9 million
(iii) PK price	Increase/decrease by RM100 per metric tonne	Increase/decrease by RM40.6 million
(iv) Improvement/reduction in FFB yield	Increase/decrease by 1%	Increase/decrease by RM36.8 million
(v) Mature estate cost	Increase/decrease by 5%	Decrease/increase by RM107.0 million
(vi) Immature estate cost	Increase/decrease by 5%	Decrease/increase by RM24.3 million

49 PROVISION FOR ASSET RETIREMENT

	2020 RM'000	2019 RM'000
At 1 January	32,779	32,472
Unwinding of discount	437	459
Payment made during the financial year	(52)	(63)
Currency translation differences	(163)	(89)
At 31 December	33,001	32,779

Provision for asset retirement relates to the Group's fatty acids manufacturing facility in USA and mills in Malaysia. The asset retirement obligation is computed based on detailed estimates, adjusted for inflation, escalated to the estimated spending dates, and then discounted using an average risk-free interest rate of which represents management's best estimate of the liability. Actual costs to be incurred in future periods may vary from estimates, given the inherent uncertainties in evaluating certain exposures subject to the imprecision in estimating the asset retirement obligation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

49 PROVISION FOR ASSET RETIREMENT (CONTINUED)

	2020 RM'000	2019 RM'000
<u>Analysed as:</u>		
Non-current	32,358	32,124
Current	643	655
	33,001	32,779

50 PROVISION FOR DEFINED BENEFIT PLAN

The Group operates defined benefit retirement plans in Malaysia, Thailand and Indonesia for all eligible employees. All of the plans are lump sum payments depend on members' length of service and their salary in the final years leading up to retirement. As the retirement benefit plans are unfunded, the Group meets the defined benefit payment obligations as they falls due.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
- Retirement benefit scheme	37,652	58,001	782	1,586
- Housing assistance scheme	25,597	23,072	-	-
- Long service award	4,243	6,728	95	120
	67,492	87,801	877	1,706

The retirement benefit scheme is a final salary defined benefit plan with a guaranteed lump sum payment at retirement, which remains open to new entrants. The housing assistance scheme is a final salary defined benefit plan with a guaranteed lump sum payment at retirement or at an earlier exit through ill-health retirement or death-in-service in Malaysia, which remains open to new entrants. The long service award is for eligible employees that have served the Group upon attainment of 15, 25 and 35 years of service in Malaysia (2019: 25 years of service).

The Group benefit for retirement scheme shall be paid to the employees who reached the compulsory retirement age and have served the Group for at least twenty (20) years of service in Malaysia (2019: follows the Malaysian Minimum Retirement Age Act 2012 at age of 60). However, the normal retirement age for the housing assistance scheme will remain at age 56 which will be payable at attainment of 56 years old, regardless of whether employees continue employment until the minimum retirement age of 60 years old. There will be no benefits payable for services rendered from age 55 to 60.

The defined benefit plan for Indonesian subsidiary is described under Indonesian Labour Law No. 13/2003 and the Thailand subsidiary is under the Legal Severance Plan where the companies are required to pay legal severance payments to employees who leave employment at their retirement age, or are terminated by the companies without reason.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

50 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The movements during the financial year in the amounts recognised in the statement of financial position of the Group and Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Present value of unfunded obligation:				
At 1 January	87,801	82,961	1,706	2,094
(Credit)/charge to profit or loss	(22,189)	16,163	(864)	369
Benefits paid	(2,363)	(17,057)	(12)	(617)
Re-measurement	4,333	5,602	47	(140)
Currency translation difference	(90)	132	-	-
At 31 December	67,492	87,801	877	1,706

The remeasurement amounts recognised in the other comprehensive income are determined as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Re-measurement:				
- Changes in financial assumptions	-	3,363	13	(193)
- Effect of changes in demographic assumptions	2,294	(1,037)	-	-
- Experience adjustments	2,039	3,276	34	53
	4,333	5,602	47	(140)

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current service cost	2,944	10,475	44	319
Loss on settlement	-	2,817	-	-
Finance cost	2,564	3,836	33	106
Past service cost adjustment	(27,856)	-	(941)	-
Remeasurement	159	(965)	-	(56)
(Credit)/charge recognised in profit or loss	(22,189)	16,163	(864)	369

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

50 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The defined benefit obligations for the Group by country are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Present value of obligation:				
- Malaysia	62,725	84,229	877	1,706
- Indonesia	3,631	2,447	-	-
- Thailand	1,136	1,125	-	-
	67,492	87,801	877	1,706

The principal actuarial assumptions used in respect of the Group's and the Company's unfunded defined retirement benefits are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Discount rate	4.00	4.40	4.00	4.40
Expected rate of salary increase	5.00	5.00	5.00	5.00

The sensitivity of the defined benefit obligation of the Group to changes in the weighted principal assumption is:

	Change in assumption	Impact on defined benefit obligation RM'000
i) Discount rate	Increase 1% Decrease 1%	Decrease by RM3,435 Increase by RM4,087
ii) Salary growth rate	Increase 1% Decrease 1%	Increase by RM1,473 Decrease by RM2,014

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the benefit liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared to the previous financial year.

The weighted average duration of the defined benefit obligation is 2 to 28 (2019: 11 to 27) years.

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For The Financial Year Ended 31 December 2020

50 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

Expected maturity analysis of undiscounted defined benefit obligation:

	Less than a year RM'000	Between 1 - 2 years RM'000	Between 2 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Provision for defined benefit plan					
At 31 December 2020	1,533	2,068	9,498	119,686	132,785
At 31 December 2019	1,948	2,995	14,116	154,006	173,065

51 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subject to income tax				
- Deferred tax assets	526,672	651,301	-	-
- Deferred tax liabilities	(635,501)	(671,954)	-	-

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	526,224	543,994	-	-
- Deferred tax assets to be recovered within 12 months	448	107,307	-	-
	526,672	651,301	-	-
Deferred tax liabilities:				
- Deferred tax liabilities to be recovered after more than 12 months	(606,501)	(672,275)	-	-
- Deferred tax liabilities to be recovered within 12 months	(29,000)	321	-	-
	(635,501)	(671,954)	-	-
Deferred tax liabilities (net)	(108,829)	(20,653)	-	-

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For The Financial Year Ended 31 December 2020

51 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	(20,653)	(127,325)	-	28,320
Acquisition of a subsidiary (Note 24(b))	563	-	-	-
Credited/(charged) to profit or loss (Note 16):				
- intangible assets	(918)	189	-	-
- investment properties	-	-	-	-
- property, plant and equipment	(31,117)	50,366	-	6,241
- lease liabilities	(1,092)	2,897	-	277
- biological assets	(2,359)	347	-	-
- inventories	6,309	(1,571)	-	-
- receivables	(158)	(6,427)	-	-
- payables	21,917	18,558	-	-
- unused tax losses	(42,151)	40,065	-	(34,838)
- LLA liability	(24,557)	(2,847)	-	-
- others	(14,790)	8,236	-	-
	(88,916)	109,813	-	(28,320)
Currency translation differences	177	(3,141)	-	-
At 31 December	(108,829)	(20,653)	-	-
Deferred tax assets				
- receivables	3,213	5,750	-	-
- property, plant and equipment	3,971	4,346	-	-
- lease liabilities	4,687	5,779	-	478
- intangible assets	2,043	3,346	-	-
- investment properties	8,699	8,699	-	-
- inventories	12,447	5,738	-	-
- LLA liability	1,011,318	1,035,875	-	-
- payables	106,199	84,282	-	-
- unused tax losses	125,641	167,792	-	-
- others	3,064	9,674	-	-
Amount before offsetting	1,281,282	1,331,281	-	478
Offsetting	(754,610)	(679,980)	-	(478)
	526,672	651,301	-	-

Notes to the Financial Statements

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51 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax liabilities				
- intangible assets	(13,979)	(14,364)	-	-
- property, plant and equipment	(1,349,532)	(1,319,353)	-	478
- biological assets	(12,199)	(9,840)	-	-
- receivables	-	(2,379)	-	-
- inventories	(3,666)	(3,266)	-	-
- others	(10,735)	(2,732)	-	-
Amount before offsetting	(1,390,111)	(1,351,934)	-	478
Offsetting	754,610	679,980	-	(478)
	(635,501)	(671,954)	-	-

Under the Malaysia Finance Act 2018, the Group's unused tax losses as at 31 December 2020 for which no deferred tax assets were recognised based on the year of assessment ("YA") expiry for the Group and Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Expiring in YA 2027	162,571	-	-	-
Expiring in YA 2026	367,329	367,329	-	-
Expiring in YA 2025	831,731	831,731	-	161,914
	1,361,631	1,199,060	-	161,914

The amount of unused tax losses for which no deferred tax assets are recognised in the statement of financial position by certain subsidiaries of the Group and by Company as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised by year of assessment 2025 is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unused tax losses	1,361,631	1,199,060	-	161,914

The Company was granted exemption on the treatment as Investment Holding Company pursuant to Section 60F and Section 50FA of the Income Tax Act 1967 for the period from YA2010 to YA2019. The exemption period had expired in the current financial year, resulting in the unused tax losses of the Company being disregarded and no longer being carried forward.

Notes to the Financial Statements

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52 PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Non-current liabilities</u>				
Trade payables	15,196	12,000	-	-
<u>Current liabilities</u>				
Trade payables	218,269	215,103	-	-
Other payables and accruals	811,394	691,867	50,976	39,397
Provision for litigation loss	19,802	-	-	-
	1,049,465	906,970	50,976	39,397
	1,064,661	918,970	50,976	39,397

Included in trade payables in non-current liabilities is outstanding net present value of minimum lease payment made under finance lease payables.

The payables are denominated as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
- Ringgit Malaysia	988,180	865,377	50,976	39,397
- United States Dollar	55,341	42,965	-	-
- Indonesian Rupiah	11,748	5,648	-	-
- Pakistan Rupee	6,981	3,235	-	-
- Thai Baht	2,095	1,715	-	-
- European Euro	316	-	-	-
- Great Britain Pound	-	16	-	-
- Others	-	14	-	-
	1,064,661	918,970	50,976	39,397

The credit terms of trade payables range up to 90 days (2019: up to 90 days).

The fair value of the payables approximates their carrying values, as the impact of discounting is not significant.

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53 CONTRACT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
<u>Contract liabilities</u>		
At 1 January	77,623	41,209
Revenue recognised that was included in the contract liability balance at the beginning of financial period	(63,222)	(39,010)
Cash received/amount billed for unfulfilled obligations	89,767	75,424
At 31 December	104,168	77,623

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Group	
	2020 RM'000	2019 RM'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
- Sales of palm products	41,651	21,166
- Sales of other commodities and by-products	15,036	9,975
- Provision of services	2,335	4,048
- Construction contract	664	2,184
- Others	3,536	1,637
	63,222	39,010

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting date, of which the Group expects to recognise in the next 12 months is RM104,168,000 (2019: RM77,623,000).

All other contracts are for periods of one year or less or are billed based on time incurred. As permitted under MFRS 15, the Group applied the practical expedient in MFRS 15 and did not disclose information about recognising performance obligations that have original expected duration of one year or less.

54 LONG TERM INCENTIVE PLAN

The Company had established a long term incentive plan ("LTIP") in the form of employee share grant scheme which is governed by the By-Laws which was approved on 3 February 2016.

Pursuant to the LTIP, the Company shall award the grant of up to 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the LTIP, to the employees of the Company and its subsidiaries ("Group") and Executive Director of the Company who fulfil the eligibility criteria as eligible employees and is administered by the LTIP Committee.

The LTIP comprises a restricted share ("RS") grant and a performance share ("PS") grant which shall be in force for a period of 10 years commencing from 3 February 2016, being the effective date of the implementation of the LTIP.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

54 LONG TERM INCENTIVE PLAN (CONTINUED)

The details of the Grant are as follows:

(a) RS Grant

The RS Grant is restricted share grant for the eligible employees selected on a basis designated by the LTIP Committee. The RS Grant will be awarded on a need basis to the selected employees to be vested over a period of up to 3 years and after fulfilment of individual performance targets and certain performance conditions as determined by the LTIP Committee from time to time at its absolute discretion in accordance with the terms and conditions of the LTIP.

(b) PS Grant

The PS Grant is a performance share grant for senior management of the Group and Executive Director of the Company as well as key employees of the Group selected on a basis designated by the LTIP Committee. PS Grant will be awarded annually to the selected employees to be vested at the end of the 3 year period and after fulfilment of certain performance targets and/or conditions at the time of grant and vesting.

The salient features of the LTIP are as follows:

- (a) The maximum number of new shares which may be made available under the LTIP shall not be more than 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the LTIP;
- (b) The LTIP Committee shall decide from time to time at its absolute discretion to determine or vary the terms and conditions of the offer, such as eligibility criteria and allocation in each grant, the timing and frequency of the award of the grant, the performance target and/or performance conditions to be met prior to the offer and vesting of the grant and the vesting period;
- (c) The total number of new shares that may be offered under the LTIP at any time shall be at the absolute discretion of the LTIP Committee;
- (d) In the event the total numbers of new shares that made available under the LTIP exceeds the maximum shares as a result of purchasing, cancelling or reducing issued and paid-up ordinary share capital in accordance with the provisions of the Companies Act 2016 and/or undertakes any other corporate proposal resulting in the reduction of the total number of issued and paid-up ordinary share capital, all grants awarded prior to the said variation of the issued and paid-up ordinary share capital shall remain valid and may vest in accordance with the provisions of the LTIP as if that purchase, cancellation or reduction had not occurred. However, no additional offer shall be made unless the total number of new shares which may be acquired by the trustee and thereafter transferred to the grantees under the LTIP in respect of such grants shall fall below the maximum shares allowed;
- (e) The LTIP shall take effect on the effective date of the implementation of the LTIP and shall be in force for a period of 10 years commencing from 3 February 2016, being the effective date of implementation of the LTIP; and
- (f) The new shares to be transferred pursuant to the LTIP upon vesting thereof, shall rank equally in all respects with the then existing issued shares and the grant holders shall not be entitled to any dividends, rights, allotments, entitlements and/or other distributions, for which the book closure date is prior to the date of issue of the shares.

In current and the previous financial year, no RS Grant under the LTIP granted to eligible employees of the Group. Subject to the terms and conditions of the By-Laws, the employees shall be awarded of ordinary shares in the Company, after meeting the vesting conditions as set out in the letter of offer for the shares under the LTIP.

The RS granted on 1 June 2018 had a three years vesting period and had fully vested or forfeited as at 31 December 2020.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

54 LONG TERM INCENTIVE PLAN (CONTINUED)

Movement in the number of RS Grant under the LTIP is as follows:

2020

Grant date	Number of shares grants over ordinary share				Outstanding as at 31.12.2020
	Outstanding as at 1.1.2020	Granted	Vested	(Forfeited)	
1 June 2018	5,364,800	-	(2,901,400)	(2,463,400)	-

2019

Grant date	Number of shares grants over ordinary share				Outstanding as at 31.12.2019
	Outstanding as at 1.1.2019	Granted	Vested	(Forfeited)	
1 July 2016	217,000	-	(175,800)	(41,200)	-
1 June 2018	8,340,500	-	(2,477,300)	(498,400)	5,364,800

55 FINANCIAL INSTRUMENTS

Financial instruments by category

				Group
				31 December 2020
	Amortised cost RM'000	Financial assets at fair value through profit or loss RM'000	Financial assets at fair value through other comprehensive income RM'000	Total RM'000
<u>Assets as per statement of financial position</u>				
Receivables (excluding prepayments and GST receivable)	1,366,839	-	-	1,366,839
Amount due from ultimate holding company	74,895	-	-	74,895
Amounts due from joint ventures	26,908	-	-	26,908
Amounts due from other related companies	63,660	-	-	63,660
Financial assets at fair value through other comprehensive income	-	-	144,251	144,251
Financial assets at fair value through profit or loss	-	68,201	-	68,201
Derivative financial assets	-	14,061	-	14,061
Deposits, cash and bank balances	1,729,194	-	-	1,729,194
Total	3,261,496	82,262	144,251	3,488,009

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

55 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
<u>Liabilities as per statement of financial position</u>			
Amount due to ultimate holding company	-	265,984	265,984
Amount due to an associate	-	494	494
Amounts due to other related companies	-	1,374	1,374
Loans due to ultimate holding company	-	886,188	886,188
Borrowings	-	3,406,764	3,406,764
Lease liabilities	-	385,826	385,826
LLA liability	4,213,824	-	4,213,824
Derivative financial liabilities	11,092	-	11,092
Payables	-	1,044,859	1,044,859
Total	4,224,916	5,991,489	10,216,405

Group

31 December 2019

	Amortised cost RM'000	Financial assets at fair value through profit or loss RM'000	Financial assets at fair value through other comprehensive income RM'000	Total RM'000
<u>Assets as per statement of financial position</u>				
Receivables (excluding prepayments and GST receivable)	1,151,592	-	-	1,151,592
Amount due from a significant shareholder	122,651	-	-	122,651
Amounts due from joint ventures	149,028	-	-	149,028
Amounts due from other related companies	88,836	-	-	88,836
Financial assets at fair value through other comprehensive income	-	-	107,434	107,434
Financial assets at fair value through profit or loss	-	58,940	-	58,940
Derivative financial assets	-	18,388	-	18,388
Deposits, cash and bank balances	1,617,622	-	-	1,617,622
Total	3,129,729	77,328	107,434	3,314,491

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

55 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
<u>Liabilities as per statement of financial position</u>			
Amount due to ultimate holding company	-	216,558	216,558
Amount due to an associate	-	485	485
Amounts due to other related companies	-	1,604	1,604
Loans due to ultimate holding company	-	886,498	886,498
Borrowings	-	4,020,558	4,020,558
Lease liabilities	-	300,795	300,795
LLA liability	4,316,146	-	4,316,146
Derivative financial liabilities	34,432	-	34,432
Payables	-	918,970	918,970
Total	4,350,578	6,345,468	10,696,046

	Company	
	Amortised cost	
	2020 RM'000	2019 RM'000
<u>Assets as per statement of financial position</u>		
Receivables (excluding prepayments and GST receivable)	10,042	16,474
Amount due from ultimate holding company	20	20
Amounts due from subsidiaries	775,893	1,074,468
Amounts due from other related companies	711	224
Loans due from subsidiaries	368,886	62,600
Deposits, cash and bank balances	20,073	9,187
Total	1,175,625	1,162,973

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

55 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	Company	
	Other financial liabilities at amortised cost	
	2020 RM'000	2019 RM'000
<u>Liabilities as per statement of financial position</u>		
Payables	50,976	39,397
Amount due to ultimate holding company	1,179	1,128
Amounts due to subsidiaries	14,289	23,476
Amounts due to other related companies	69	561
Loans due to ultimate holding company	886,188	886,498
Loans due to subsidiaries	1,405,459	1,477,112
Borrowings	75,080	75,080
Lease liabilities	32,065	35,427
Total	2,465,305	2,538,679

56 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the Group and Company's ultimate holding company effective from 24 December 2020, is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Company.

Apart from the individually significant transactions as disclosed in Notes 29, 46, 47, 48, 56(a), 56(b), 56(c), 56(e) and 56(f) to the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- (i) Purchasing of goods and services, including use of public utilities and amenities
- (ii) Placing of bank deposits with government-related financial institutions

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

56 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Significant related parties and relationships are summarised as follows:

(i) Subsidiaries

FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")
 FGV Agri Services Sdn. Bhd. ("FASSB")
 FGV Kernel Products Sdn. Bhd. ("FKPSB")
 FGV Palm Industries Sdn. Bhd. ("FPISB")
 FGV Prodata Systems Sdn. Bhd. ("Prodata")
 FGV Rubber Industries Sdn. Bhd. ("FRISB")
 FGV Security Sdn. Bhd. ("FSSSB")
 FGV Fertiliser Sdn. Bhd. ("FGVF")
 Felda Travel Sdn. Bhd. ("Felda Travel")
 FGV Bulkiers Sdn. Bhd. ("FBSB")
 FGV Capital Sdn. Bhd. ("FGVC")
 FGV Trading Sdn. Bhd. ("FGV Trading")

(ii) Joint ventures

FPG Oleochemicals Sdn. Bhd. ("FPG")
 FGV Iffco Sdn. Bhd. Group ("FISB Group")
 MAPAK Edible Oil Pvt. Ltd. ("MAPAK")

(iii) Associate

F.K.W Global Commodities (Private) Limited ("FKW")

(iv) Other related companies

Yayasan FELDA (Entity controlled by FELDA)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Sales of goods, services and investments				
(i) <u>Transactions with subsidiaries</u>				
Dividend received/receivable from subsidiaries		-	239,899	417,100
Management fees charged to subsidiaries		-	114,180	210,543
(ii) <u>Transactions with joint ventures</u>				
Sales of CPO by FGV Trading and FPISB to FISB Group	698,385	929,003	-	-
Sales of CPKO, RBDPKO and PFAD by FKPSB to FISB Group and FPG	723,625	807,116	-	-
Sales of CPO by FGV Trading and FPISB to MAPAK	266,384	213,217	-	-
Provision of storage space for vegetable oil by FBSB to FISB Group and FPG	18,051	16,233	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

56 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Sales of goods, services and investments (continued)				
(iii) <u>Transactions with an associate</u>				
Sales of Processed Palm Oil ("PPO") by FGV Trading and FPISB to FKW	29,070	23,379	-	-
(iv) <u>Transactions with FELDA and its non-FGV subsidiaries</u>				
Sales of fertiliser by FGVP	160,135	180,189	-	-
IT services rendered by Prodata	23,295	23,246	-	-
Security services rendered by FSSSB	18,981	21,794	-	-
Sales of seedlings and planting materials by FASSB	10,547	15,172	-	-
Travel and hospitality services by Felda Travel	539	4,420	-	-
Contributions to Yayasan FELDA	5,000	5,000	-	-
(b) Purchase of goods and services				
(i) <u>Transactions with subsidiaries</u>				
Finance costs charged by FGVC	-	-	12,460	83,889
Purchase of IT services from Prodata	-	-	4,953	6,421
Purchase of security services from FSSSB	-	-	146	637
Purchase of travel services from Felda Travel	-	-	232	2,013
(ii) <u>Transactions with FELDA and its non-FGV subsidiaries</u>				
Finance expense charged	42,335	45,201	42,335	45,201
Building rental charged	2,226	3,033	52	181
LLA liability paid by FGVP	260,812	248,683	-	-
Purchase of latex by FRISB	136,033	133,925	-	-
Purchase of FFB by FPISB and FGVT	3,000,019	2,624,697	-	-
Joint Consultative Committee payment by FPISB and FGVP to FELDA	12,400	13,136	-	-
(c) Transactions with Government-related entities				
<u>Transactions between subsidiaries and other government agencies</u>				
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB") and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	51,778	12,585	-	-
Cess payment to MPOB	38,771	39,901	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

56 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

Key management personnel comprise of Directors and senior management with the rank of Vice President and above, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The aggregate amount of emoluments received/receivable by key management personnel of the Group and the Company during the financial year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fees	2,669	1,847	1,621	1,532
Salaries and bonuses	16,124	13,188	16,124	13,188
Defined contribution and benefit plans	2,943	2,644	2,943	2,644
Other short-term employee benefits	4,446	3,822	3,877	3,361
	26,182	21,501	24,565	20,725

(e) Loans due from subsidiaries

Terms and conditions of the loans are disclosed in Note 35 to the financial statements.

	Company	
	2020 RM'000	2019 RM'000
At 1 January	62,600	6,999
Addition	434,437	305,249
Repayment	(128,151)	(248,586)
Provision of impairment	-	(1,062)
At 31 December	368,886	62,600

(f) Loans due from joint ventures

Terms and conditions of the loan are disclosed in Note 32 to the financial statements.

	Group	
	2020 RM'000	2019 RM'000
At 1 January	-	70,201
Repayment	-	(22,510)
Provision for impairment	-	(47,171)
Currency translation difference	-	(520)
At 31 December	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

57 CAPITAL COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	201,853	207,874
	201,853	207,874

58 CONTINGENT LIABILITIES

On 21 September 2017, Delima Oil Products Sdn. Bhd. ("DOP"), an indirect subsidiary of the Company, was sued by a company in China known as Chengdu Azonda International Trading Co., Ltd. ("Azonda"). The Plaintiff claims that they have incurred damages due to the alleged shipment issues in 2016 and 2017 amounting to RM7.0 million as well as loss of future profits approximately RM46.0 million.

On 3 November 2017, DOP filed its Statement of Defence and Counterclaim and Azonda filed its Reply to Defence and Defence to Counterclaim on 15 November 2017. The Court had heard part of the trial on the matter on 15 January 2019 and continued another part heard on 4 March 2019 to 6 March 2019. The matter was fixed for decision (after full trial) on 1 August 2019 whereby the High Court dismissed the plaintiff claim against DOP and allowed the counter claim made by DOP with cost of RM80,000. On 10 September 2019, the Solicitor informed that the Plaintiff Solicitor did not serve any notice of appeal.

Solicitors have advised that DOP will not be able to enforce a Malaysian Judgment in China as China is not listed as reciprocal part under Malaysian Reciprocal Enforcement of Judgment Act 1958 ("REJA"). As at 30 September 2020, DOP has agreed not to proceed with enforcement of judgement in China.

The remaining claims are not material to be disclosed in the financial statements and deemed remote by the Directors.

59 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 13 February 2020, the Board of Directors' announced that MEO Trading Sdn. Bhd., an indirect joint venture of the Company has been placed under Members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The liquidator has been appointed for the company on the same day. The voluntary winding up of the company is not expected to have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2020.
- (ii) On 9 April 2020, the MSMH issued a letter to F&N to exercise its rights to rescind the sale and purchase agreement in respect of the disposal of its leasehold agriculture land located at Chuping, Perlis, entered on 8 October 2019. Based on the assessment performed during the financial year, the criteria required for the plantation land to be continued to be classified as assets held for sale has not met. Consequently, the assets were reclassified to non-current assets.
- (iii) On 8 May 2020, the Board of Directors of the Company announced that FGV Trading Sdn. Bhd. ("FGVT"), a subsidiary of FGV Plantations Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company, had entered into an agreement with Pre Unique Pvt Ltd ("PREU") to establish an operation in India. The company has been incorporated in India on 29 July 2020 to carry out the intended business.
- (iv) On 24 July 2020, the Board of Directors of the Company announced that the Minister of Finance (Incorporated), being the Special Shareholder of the Company, has extended Datuk Wira Azhar Abdul Hamid's tenure as Government Appointed Director and Chairman of the Board of Directors of FGV effective 8 September 2020.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

59 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (v) On 1 October 2020, the Board of Directors of the Company confirmed that the U.S. Customs and Border Protection ("CBP") has placed a Withhold Release Order ("WRO") on palm oil and palm oil products made by the Company and its subsidiaries and joint ventures on 30 September 2020.

The Company emphasised that all issues raised have been the subject of public discourse since 2015 and the Company has taken several measures to correct the situation. The Company's efforts are well documented and available in the public domain.

- (vi) On 15 October 2020, the Board of Directors of the Company informed that on 8 October 2020, the Company had communicated with the CBP to seek clarification on its investigation findings and on steps expected to be taken by FGV for the revocation of the WRO. Information around the CBP's investigation findings is imperative to enable FGV to address and resolve any remaining gaps in its practices.
- (vii) On 13 October 2020, the Company had received an expression of interest from Perspective Lane (M) Sdn Bhd ("PLSB") via a letter dated 12 October 2020. PLSB had expressed their interest to participate in the Company via an injection of plantation assets into the Company, for share consideration. PLSB would potentially become the single largest shareholder of the Company upon completion.

The Board of the Company had decided on 15 October 2020 to deliberate upon the matter and had resolved to explore and evaluate the proposition.

On 8 March 2021, the Board of Directors of the Company announced that this proposition would not be pursued any further due to the unconditional mandatory take-over from Federal Land Development Authority ("FELDA") to acquire all the remaining ordinary shares in the Company which are not held by the FELDA and its persons acting in concert.

- (viii) On 20 October 2020, the Company issued an official statement to clarify on FELDA Land Lease Agreement ("LLA"). On 20 October 2020, the Company issued an official statement to clarify on FELDA LLA.
- (ix) On 29 October 2020, the Company issued an official statement on FELDA's recovery plan for the termination of LLA.
- (x) On 2 November 2020, the Company issued an official statement to reiterate that the Company had yet to receive a written notice from FELDA regarding the termination of the said LLA and its intention to take over the Company's palm oil mills nationwide as announced by the Chairman of the FELDA Special Task Force on 30 October 2020.

On 2 November 2020, the Chairman of the Company had written to the Chairman of FELDA informing that the notice to terminate the LLA in accordance with the terms and conditions of the LLA was still not forthcoming from FELDA up to that date and suggested FELDA to stop any further media releases on this matter and to discuss prior to releasing a joint statement on the agreed terms in accordance with the terms and conditions of the LLA.

- (xi) On 8 December 2020, the Board of Directors had received a notice from Federal Land Development Authority ("FELDA" or "Offeror") that it has entered into the following agreements:
 - 1) a conditional share purchase agreement with Kumpulan Wang Persaraan (Diperbadankan) for the purchase of 222,480,700 the Company Shares, representing approximately 6.10% equity interest in the Company for a cash consideration of RM289.2 million or RM1.30 per the Company Shares; and
 - 2) a conditional share purchase agreement with Urusharta Jamaah Sdn Bhd for the purchase of 283,710,100 the Company Shares, representing approximately 7.78% equity interest in the Company for a cash consideration of RM368.8 million or RM1.30 per the Company Shares.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

59 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (xii) On 22 December 2020, the Board of Directors had received a notice of unconditional mandatory take-over offer ("Notice") from Maybank Investment Bank Berhad on behalf of the Offeror to acquire all the remaining ordinary shares in the Company ("the Company Shares") (excluding treasury shares) which are not already held by the Offeror and its persons acting in concert, including all the Company Shares under the the Company's long term incentive plan ("Offer Shares") for a cash consideration of RM1.30 per Offer Share ("Offer").

Pursuant to Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, an independent adviser will be appointed by the Board in due course to provide comments, opinions, information and recommendation on the Offer.

Offeror acquired 283,710,100 of the Company shares from Urusharta Jamaah Sdn. Bhd. and 222,480,700 of the Company shares from Kumpulan Wang Persaraan (Diperbadankan) pursuant to the Conditional Share Purchase Agreement ("CSPA") dated 8 December 2020. The CSPAs became unconditional on 22 December 2020 and the acquisition was subsequently completed on 24 December 2020.

As a result of the acquisition, the shareholding of the Offeror in the Company increased to approximately 35.12% and the collective shareholding of the Offeror and the Persons Acting in Concert ("PAC") in the Offeree increased to approximately 50.49%. Consequently, the Offeror is deemed as the ultimate holding company of the Company.

- (xiii) On 23 December 2020, FGV Downstream Sdn Bhd, a subsidiary of the Company, disposed its 70% equity interest in FGV Cambridge Nanosystems Limited and its subsidiary GasPlas AS ("FGV CNS Group") which previously had been reclassified to assets held for sale, for a total consideration of £8 million (approximately RM43.92 million), resulting in a gain on disposal of RM31.52 million to the Group.
- (xiv) On 30 December 2020, in accordance with Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("SC") ("Rules"), the Board (save for the interested directors, namely Datuk Wira Azhar Abdul Hamid, Dato' Shahrol Anuwar Sarman, Dr. Zunika Mohamed and Dato' Amiruddin Abdul Satar) wishes to announce that RHB Investment Bank Berhad has been appointed to act as the Independent Adviser ("IA") of FGV to advise the non-interested Directors and the holders of the Offer Shares in respect of the fairness and reasonableness of the Offer, and its appointment is subject to the clearance of eligibility of the Independent Adviser by SC.

60 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (i) On 12 January 2021, the unconditional mandatory take-over offer by the Offeror to acquire the offer share for a cash consideration of RM1.30 per offer share had been despatched.
- (ii) On 22 January 2021, Independent Advice Circular ("IAC") on the unconditional mandatory take-over by the Offeror has been despatched to the shareholders. The Company's non-interested directors, namely Dato' Yusli Mohamed Yusoff, Datuk Mohd Anwar Yahya, Datin Hoi Lai Ping, Dr. Mohamed Nazeeb P. Alithambi and Dr. Nesadurai Kalanithi, did not concur with IAC's recommendation and recommends that the shareholders reject the offer.

IAC is of the opinion that the offer is not fair but reasonable based on its assessment of the offer and recommends to accept the offer. RHB Investment Bank's assessment of the fairness and propriety of the Offer is stated in the IAC.

- (iii) On 2 February 2021, the Offeror notified the shareholders that the closing date for the acceptance of the Offer had been extended from 2 February 2021 to 16 February 2021.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

60 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

- (iv) On 5 February 2021, the Board of Directors announced that the public shareholding spread of the Company was at 23.93% of the total issued the Company shares (excluding treasury shares) based on the Record of Depositors as at 4 February 2021. Accordingly, the Company does not comply with the minimum public shareholding spread requirement of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements.

Under Section 4.1 of the Offer Document, the Offeror has stated that it does not intend to maintain the listing status of the Company on the Main Market of Bursa Securities. In the event the Offeror receives valid acceptances resulting in the Offeror and its associates holding in aggregate 90% or more of the Company Shares (excluding treasury shares) an immediate announcement will be made by the Company. Bursa Securities will suspend the trading in the Company Shares immediately upon expiry of five market days from the closing date of the Offer. Thereafter, the Offeror will submit a request to the Company to take the necessary procedures to withdraw its listing status from the Official List in accordance with Chapter 16 of the Listing Requirements.

- (v) On 16 February 2021, the Offeror notified the shareholders that the closing date for the acceptance of the Offer has been further extended from 16 February 2021 to 2 March 2021.
- (vi) On 25 February 2021, the Offeror informed that the closing date for the acceptance of the Offer has been further extended from 2 March 2021 to 15 March 2021.
- (vii) On 16 March 2021, following the final closing date of the offer on 15 March 2021, the Board of Director of the Company announced that the Offeror has received valid acceptances in respect of the Offer Shares resulting in the Offeror and its PACs holding 2,954,688,691 of the Company shares, presenting 80.99% of the total issued shares of the Company. Accordingly, the public shareholding spread of the Company as at 15 March 2021 is 14.01%. As such, the Company continues to be deemed not in compliance with the public shareholding spread requirement in accordance with Paragraph 8.02(1) of the Listing Requirements.

In view of the above, the Company had on 16 March 2021 submitted an application to Bursa Securities for an extension of time in accordance with Paragraph 8.02(4) of the Listing Requirements to rectify the shortfall and to allow sufficient time for the Offeror to formulate a firm plan on the Company's listing status.

- (viii) On 19 March 2021, Datuk Wira Azhar Abdul Hamid has tendered his resignation as a Chairman of the Company effective 1 April 2021.
- (ix) On 24 March 2021, the Board of Directors of the Company announced that Bursa Securities, had vide its letter dated 23 March 2021, granted the Company an extension of time of six months until 3 August 2021 to comply with the Public Spread Requirement.

As at 19 March 2021, the Company's public shareholding spread was 13.99%. The shortfall in the public shareholding spread of the Company arose as a direct consequence of the unconditional mandatory takeover offer by FELDA which had closed on 15 March 2021.

The Company will use the extension of time granted by Bursa Securities to formulate a rectification plan to address the shortfall in its public shareholding spread and to allow sufficient time for FELDA to formulate a firm plan on FGV's listing status.

61 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 March 2021.

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