STRIVING FORWARD

audited financial statements 2019

FGV HOLDINGS BERHAD

FRONT PAGE

Vivid orange. The perfect shade that exhibits the vibrancy of FGV Holdings Berhad as we strive towards rebuilding confidence and trust in FGV; as we move closer to the vision of being a world-leading integrated and sustainable agribusiness. Underpinning the move to change is our commitment to operational efficiency and the fundamentals of continued value creation for our stakeholders, particularly the smallholders. These efforts accentuate our goals of achieving our vision and striving for a greater purpose and a better tomorrow for the benefit of all.

ABOUT THIS REPORT

This report contains the financial statements for FGV Holdings Berhad ("The Group") for the year ended 31 December 2019. The report is a comprehensive review and record of the Group's financial performance, which has also been audited and assessed by external auditors.

The financial statements of the Group have been prepared in accordance with requirements of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the Companies Act 2016.

TABLE OF CONTENTS

01

STATEMENT ON DIRECTORS' RESPONSIBILITY

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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 2019, 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 2019 set out on pages 15 to 222, 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 17 April 2020.

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 2019.

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	(Redesignated from Senior Independent Director to Deputy Chairman on 2 March 2020)
Datuk Mohd Anwar Yahya	
Datin Hoi Lai Ping	
Dr. Mohamed Nazeeb P. Alithambi	
Dr. Nesadurai Kalanithi	
Dato' Dr. Othman Omar	
Mohd Hassan Ahmad	
Dr. Zunika Mohamed	(Appointed on 10 February 2020)
Dato' Dr. Noor Zari Hamat	(Appointed on 23 July 2019 and resigned on 22 January 2020)
Dato' Mohamed Suffian Awang	(Retired on 25 June 2019)
Datuk Dr. Salmiah Ahmad	(Resigned on 5 December 2019)

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
Loss attributable to Owners of the Company	(246,174)	(80,094)
Non-controlling interests	(124,982)	-
Loss for the financial year	(371,156)	(80,094)

DIVIDENDS

No dividend on ordinary shares has been paid or declared by the Company since the end of the previous financial year.

The Board of Directors are recommending the payment of a final single tier dividend of 2.0 sen per ordinary share amounting to RM72.96 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967, and which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

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 55 to the financial statements.

During the financial year, no RS (2018: 11,666,800 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 in the previous financial year on 1 June 2018 has a three years vesting period where the first vesting date was on 30 September 2018. The first RS granted on 1 July 2016 had a three years vesting period and had fully vested or forfeited as at 31 December 2019.

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' 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 1.1.2019	Acquired	Vested	(Disposed)	At 31.12.2019
Datuk Wira Azhar Abdul Hamid	694,500	305,500	-	-	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 RM1,130,070 (2018: RM204,020).

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) 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

(b) 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:

(a) 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

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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.

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 60 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.

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 17 April 2020. 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 15 to 222 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 2019 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 17 April 2020.

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 15 to 222 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 Putrajaya on 17 April 2020, before me.

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
MALAYSIA

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FGV HOLDINGS BERHAD
(Incorporated in Malaysia)
(Registration 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 2019, 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 2019 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 15 to 222.

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' Code of Ethics for Professional Accountants ("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 Group and the Company. In particular, we considered where the directors made subjective judgments; 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.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Land Lease Agreement ("LLA") liability assessment	
As at 31 December 2019, the LLA liability for the Group amounted to RM4.3 billion. 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, the discount rate, prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK"), average Fresh Fruit Bunches ("FFB") yield, mature and immature estate costs. Refer to Note 3(i) in the significant accounting policies, Note 5(i) in the critical accounting estimates and judgments and Note 48 to the financial statements.	We have performed the following audit procedures: • 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 the discount rate, prices of CPO and PK, average 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, average FFB yield and 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. Based on our procedures, we noted no significant exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters

Goodwill impairment assessment

As at 31 December 2019, the Group's carrying value of goodwill of RM803.0 million comprised goodwill in relation to sugar business in Malaysia of RM576.2 million and palm upstream operations in Malaysia of RM226.8 million.

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 judgment in determining the following key assumptions:

Business	Key assumptions
Sugar business	Selling price, raw sugar price, sales volume, terminal value growth rate, discount rate and exchange rate.
Palm upstream operations	CPO price, PK price, average FFB yield, mature and immature estate costs and discount rate.

Refer to Note 3(d) in the significant accounting policies, Note 5(ii) in the critical accounting estimates and judgments and Note 23 to the financial statements.

How our audit addressed the key audit matters

We have performed the following audit procedures:

- 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 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.

Based on our procedures, we noted no significant exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessments of non-financial assets with impairment indicators	
Management performed impairment assessments of the non-financial assets of the Group and Company, which had impairment indicators. As a result, the following impairment losses were recognised during the financial year ended 31 December 2019: • Impairment totaling RM168.3 million at FGV Group of PPE and right-of-use assets. • Impairment totaling RM336.9 million of FGV Holdings Berhad in respect of the Company's investment in FGV Sugar Sdn Bhd and MSM Malaysia Holdings Berhad. We focused on this area as the recoverable amounts of the non-financial assets are determined based on discounted cash flows projections, which require judgment on the part of management on the future financial performance and the business plan of those businesses. Refer to Note 3(o) in the significant accounting policies, Note 5(iii) in the critical accounting estimates and judgments and Notes 20, 21 and 24 to the financial statements.	We have performed the following audit procedures: • 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; and • We assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we noted no significant exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2019 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.

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.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 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 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, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 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 ZAKARIA
02930/05/2020 (J)
Chartered Accountant

Kuala Lumpur
17 April 2020

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Revenue	6	13,259,012	13,464,480	629,111	384,586
Cost of sales		(12,049,310)	(12,097,034)	(106,759)	(54,662)
Gross profit		1,209,702	1,367,446	522,352	329,924
Other operating income	7	100,391	121,472	4,817	31,629
Selling and distribution costs		(149,908)	(161,336)	-	-
Administrative expenses		(861,554)	(928,211)	(48,616)	(140,250)
Impairment of financial assets (net)	8	(86,300)	(153,160)	(5,308)	(7,504)
(Impairment)/reversal of impairment of non-financials assets (net)	9	(168,262)	(795,673)	739	(1,957)
Other operating expenses	10	(3,558)	(38,751)	(393,627)	(293)
Other losses, net	11	(234,499)	(227,236)	-	-
Operating (loss)/profit		(193,988)	(815,449)	80,357	211,549
Finance income	12	25,085	33,969	-	-
Finance costs	12	(183,158)	(202,442)	(132,246)	(94,910)
Share of results from associates	25	(1,625)	(11,721)	-	-
Share of results from joint ventures	26	14,858	(29,324)	-	-
(Loss)/profit before zakat and taxation		(338,828)	(1,024,967)	(51,889)	116,639
Zakat	15	(6,397)	(18,603)	-	-
Taxation	16	(25,931)	(100,034)	(28,205)	27,715
(Loss)/profit for the financial year	13	(371,156)	(1,143,604)	(80,094)	144,354
(Loss)/profit attributable to:					
Owners of the Company		(246,174)	(1,080,923)	(80,094)	144,354
Non-controlling interests		(124,982)	(62,681)	-	-
		(371,156)	(1,143,604)	(80,094)	144,354
Earnings per share ("EPS") attributable to owners of the Company					
Basic and diluted EPS (sen)	18	(6.7)	(29.6)	-	-

SECTION 01

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/profit for the financial year	(371,156)	(1,143,604)	(80,094)	144,354
Other comprehensive (loss)/income:				
Items that will not be reclassified to profit or loss				
Actuarial (loss)/gain on defined benefit plan	(5,602)	2,034	140	36
Fair value changes in financial assets at fair value through other comprehensive income	13,176	(18,671)	-	-
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	(9,059)	(7,126)	-	-
Realisation of foreign exchange reserve upon disposal of a subsidiary	(3,658)	-	-	-
Share of other comprehensive loss of an associate	(1,056)	-	-	-
Share of other comprehensive loss of joint ventures	(38,606)	(12,842)	-	-
Cash flow hedge reserve	(5,528)	(158)	-	-
	(57,907)	(20,126)	-	-
Total other comprehensive (loss)/income for the financial year, net of tax	(50,333)	(36,763)	140	36
Total comprehensive (loss)/income for the financial year	(421,489)	(1,180,367)	(79,954)	144,390
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(292,355)	(1,112,303)	(79,954)	144,390
Non-controlling interests	(129,134)	(68,064)	-	-
	(421,489)	(1,180,367)	(79,954)	144,390

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

SECTION 01

	Note	Group			Company		
		31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
ASSETS							
Non-current assets							
Property, plant and equipment	20	8,190,118	8,501,173	8,391,626	10,600	10,892	28,029
Right-of-use assets	21	2,213,761	2,365,422	2,381,293	33,436	37,797	13,429
Investment properties	22	106,049	118,370	118,169	13,065	13,947	16,046
Intangible assets	23	969,754	996,021	1,536,568	25,411	32,064	34,899
Investment in subsidiaries	24	-	-	-	8,424,764	8,784,754	8,763,967
Interests in associates	25	39,757	101,082	275,478	-	-	-
Interests in joint ventures	26	437,064	488,175	585,773	-	-	-
Receivables	27	86,736	76,211	88,057	-	-	-
Amount due from a significant shareholder	29	52,276	134,982	-	-	-	-
Amounts due from joint ventures	29	1,017	62,929	26,941	-	-	-
Amounts due from other related companies	29	12,218	126,334	-	-	-	-
Amounts due from subsidiaries	29	-	-	-	634,340	-	-
Deferred tax assets	51	651,301	608,045	742,706	-	28,320	327
Derivative financial assets	30	-	561	717	-	-	-
Financial assets at fair value through other comprehensive income	31	107,434	86,224	91,302	-	-	-
Financial assets at fair value through profit or loss	36	-	-	66,575	-	-	-
Loans due from joint ventures	32	-	70,201	71,431	-	-	-
		12,867,485	13,735,730	14,376,636	9,141,616	8,907,774	8,856,697

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group			Company		
		31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
Current assets							
Inventories	33	1,313,037	2,063,235	2,132,303	-	-	-
Biological assets	34	45,766	42,446	54,338	-	-	-
Receivables	27	1,213,217	1,235,861	1,364,216	16,753	17,306	19,579
Contract assets	28	28,417	33,733	13,091	-	-	-
Amount due from a significant shareholder	29	70,375	27,610	218,757	20	20	20
Amounts due from subsidiaries	29	-	-	-	440,128	722,222	774,524
Amounts due from joint ventures	29	148,011	326,389	472,938	-	-	-
Amounts due from other related companies	29	76,618	50,206	122,209	224	199	230
Loans due from subsidiaries	35	-	-	-	62,600	6,999	3,664
Tax recoverable		51,264	202,006	203,309	-	187	10,480
Financial assets at fair value through profit or loss	36	58,940	46,055	55,730	-	-	-
Derivative financial assets	30	18,388	3,706	6,875	-	-	-
Deposits, cash and bank balances	37	1,617,622	1,220,351	1,740,658	9,187	12,677	47,872
		4,641,655	5,251,598	6,384,424	528,912	759,610	856,369
Assets held for sale	38	192,499	4,829	72,239	-	-	-
		4,834,154	5,256,427	6,456,663	528,912	759,610	856,369
Total assets		17,701,639	18,992,157	20,833,299	9,670,528	9,667,384	9,713,066
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	39	7,029,889	7,029,889	7,029,889	7,029,889	7,029,889	7,029,889
Treasury shares	40	(302)	(705)	(1,484)	(302)	(705)	(1,484)
Foreign exchange reserve	41	52,218	103,551	119,077	-	-	-
Reorganisation reserve	42	(3,089,497)	(3,089,497)	(3,089,497)	-	-	-
Other reserves	43	(20,682)	(31,003)	(12,029)	-	-	416
Retained earnings		201,575	452,918	1,531,137	100,379	180,333	35,943
Equity attributable to owners of the Company		4,173,201	4,465,153	5,577,093	7,129,966	7,209,517	7,064,764
Non-controlling interests		1,927,099	2,138,628	2,253,750	-	-	-
Total equity		6,100,300	6,603,781	7,830,843	7,129,966	7,209,517	7,064,764

	Note	Group			Company		
		31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
Non-current liabilities							
Borrowings	44	766,054	991,506	733,234	-	-	-
Lease liabilities	45	258,957	251,332	228,405	32,064	30,500	10,099
Loans due to a significant shareholder	46	883,176	1,074,045	1,222,765	883,176	1,074,045	1,222,765
Loans due to subsidiaries	47	-	-	-	1,324,884	845,985	667,669
Land lease agreement ("LLA") liability	48	4,063,332	4,079,836	4,067,794	-	-	-
Derivative financial liabilities	30	5,166	-	-	-	-	-
Provision for asset retirement	49	32,124	31,810	32,725	-	-	-
Provision for defined benefit plan	50	87,801	82,961	87,768	1,706	2,094	2,018
Deferred tax liabilities	51	671,954	735,370	812,363	-	-	-
Payables	52	12,000	-	-	-	-	-
		6,780,564	7,246,860	7,185,054	2,241,830	1,952,624	1,902,551
Current liabilities							
Payables	52	906,970	1,227,785	1,178,883	39,397	35,964	39,963
Contract liabilities	53	77,623	41,209	58,714	-	-	-
Loans due to a significant shareholder	46	3,322	85,058	164,551	3,322	85,058	164,551
Loans due to subsidiaries	47	-	-	-	152,228	258,924	435,090
Amount due to a significant shareholder	29	216,558	187,582	483,166	1,128	1,441	16,985
Amount due to an associate	29	485	210	37	-	-	-
Amounts due to subsidiaries	29	-	-	-	23,476	30,672	84,346
Amounts due to joint ventures	29	-	249	-	-	-	-
Amounts due to other related companies	29	1,604	2,559	128,641	561	171	124
Derivative financial liabilities	30	29,266	7,545	1,039	-	-	-
Borrowings	44	3,254,504	3,252,605	3,376,922	75,080	84,880	-
Lease liabilities	45	41,838	42,748	40,284	3,363	8,133	4,692
Provision for asset retirement	49	655	662	648	-	-	-
Provision for litigation loss	54	-	35,541	32,841	-	-	-
Current tax liabilities		34,520	8,606	3,712	177	-	-
LLA liability	48	252,814	248,172	325,486	-	-	-
		4,820,159	5,140,531	5,794,924	298,732	505,243	745,751
Liabilities related to assets held for sale	38	616	985	22,478	-	-	-
		4,820,775	5,141,516	5,817,402	298,732	505,243	745,751
Total liabilities		11,601,339	12,388,376	13,002,456	2,540,562	2,457,867	2,648,302
Total equity and liabilities		17,701,639	18,992,157	20,833,299	9,670,528	9,667,384	9,713,066

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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, as previously stated		7,029,889	(705)	103,551	(3,089,497)	(31,003)	462,422	4,474,657	2,141,816	6,616,473
Effects of adoption of MFRS 16	62	-	-	-	-	-	(9,504)	(9,504)	(3,188)	(12,692)
As restated		7,029,889	(705)	103,551	(3,089,497)	(31,003)	452,918	4,465,153	2,138,628	6,603,781
Loss 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		-	-	-	-	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 a 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

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
2018										
At 1 January 2018, as previously stated		7,029,889	(1,484)	119,077	(3,089,497)	(12,029)	1,539,670	5,585,626	2,256,428	7,842,054
Effects of adoption of MFRS 16	62	-	-	-	-	-	(8,533)	(8,533)	(2,678)	(11,211)
As restated		7,029,889	(1,484)	119,077	(3,089,497)	(12,029)	1,531,137	5,577,093	2,253,750	7,830,843
Loss for the financial year		-	-	-	-	-	(1,080,923)	(1,080,923)	(62,681)	(1,143,604)
Other comprehensive income/(loss) for the financial year, net of tax:										
Items that will not be reclassified to profit or loss										
- actuarial gain/(loss) on defined benefit plan		-	-	-	-	-	2,704	2,704	(670)	2,034
- fair value changes in financial assets at fair value through other comprehensive income		-	-	-	-	(18,477)	-	(18,477)	(194)	(18,671)
Items that may be subsequently reclassified to profit or loss										
- currency translation differences		-	-	(2,684)	-	-	-	(2,684)	(4,442)	(7,126)
- share of other comprehensive loss of joint ventures		-	-	(12,842)	-	-	-	(12,842)	-	(12,842)
- cash flow hedge reserve		-	-	-	-	(81)	-	(81)	(77)	(158)
		-	-	(15,526)	-	(81)	-	(15,607)	(4,519)	(20,126)
Total comprehensive loss for the financial year		-	-	(15,526)	-	(18,558)	(1,078,219)	(1,112,303)	(68,064)	(1,180,367)
Transactions with owners										
Treasury shares		-	(4,920)	-	-	-	-	(4,920)	-	(4,920)
Employee share grant		-	-	-	-	5,283	-	5,283	-	5,283
Transfer to LTIP reserve		-	5,699	-	-	(5,699)	-	-	-	-
Liquidation of subsidiaries		-	-	-	-	-	-	-	(969)	(969)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(46,089)	(46,089)
Total transactions with owners		-	779	-	-	(416)	-	363	(47,058)	(46,695)
At 31 December 2018		7,029,889*	(705)	103,551	(3,089,497)	(31,003)	452,918	4,465,153	2,138,628	6,603,781

SECTION 01

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	Note	Non-distributable Share capital (Note 39) RM'000	Non-distributable Treasury shares (Note 40) RM'000	Non-distributable Other reserves (Note 43) RM'000	Distributable Retained earnings RM'000	Total RM'000
2019						
At 1 January 2019, as previously stated		7,029,889	(705)	-	180,968	7,210,152
Effects of adoption of MFRS 16	62	-	-	-	(635)	(635)
As restated		7,029,889	(705)	-	180,333	7,209,517
Loss for the financial year		-	-	-	(80,094)	(80,094)
Item that will not be reclassified to profit or loss						
- actuarial gain on defined benefit plan		-	-	-	140	140
Total comprehensive loss for the financial year		-	-	-	(79,954)	(79,954)
Transactions with owners						
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

Company	Note	Non-distributable Share capital (Note 39) RM'000	Non-distributable Treasury shares (Note 40) RM'000	Non-distributable Other reserves (Note 43) RM'000	Distributable Retained earnings RM'000	Total RM'000
2018						
At 1 January 2018, as previously stated		7,029,889	(1,484)	416	36,978	7,065,799
Effects of adoption of MFRS 16	62	-	-	-	(1,035)	(1,035)
As restated		7,029,889	(1,484)	416	35,943	7,064,764
Profit for the financial year		-	-	-	144,354	144,354
Item that will not be reclassified to profit or loss						
- actuarial gain on defined benefit plan		-	-	-	36	36
Total comprehensive income for the financial year		-	-	-	144,390	144,390
Transactions with owners						
Treasury shares		-	(4,920)	-	-	(4,920)
Employee share grant		-	-	1,519	-	1,519
Recharge to subsidiaries		-	-	3,764	-	3,764
Transfer to LTIP reserve		-	5,699	(5,699)	-	-
Total transactions with owners		-	779	(416)	-	363
At 31 December 2018		7,029,889	(705)	-	180,333	7,209,517

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit for the financial year	(371,156)	(1,143,604)	(80,094)	144,354
Adjustments for:				
Taxation	25,931	100,034	28,205	(27,715)
Zakat	6,397	18,603	-	-
Depreciation of property, plant and equipment	672,397	647,270	1,919	4,430
Impairment loss/(reversal of impairment) on property, plant and equipment (net)	159,802	216,069	(739)	739
Property, plant and equipment written off	14,486	24,488	1,155	15,255
Loss/(gain) on disposal of property, plant and equipment (net)	12	(80)	-	-
Depreciation of right-of-use assets	71,239	80,651	4,361	5,809
Impairment loss/(reversal of impairment) on right-of-use assets	8,281	(319)	-	-
Depreciation of investment properties	12,321	12,417	882	881
Impairment loss on investment properties	-	1,218	-	1,218
Amortisation of intangible assets	27,779	27,395	8,872	7,605
Intangible assets written off	2,173	2,784	-	2,784
Impairment loss on intangible assets	179	526,625	-	-
Impairment loss on assets held for sale	-	52,080	-	-
(Reversal of impairment)/impairment loss on amount due from a significant shareholder	(27,860)	40,844	-	-
Impairment loss on amounts due from joint ventures	89,669	20,212	-	-
(Reversal of impairment)/impairment loss on amounts due from other related companies	(30,440)	19,990	-	-
Impairment loss on loan due from a joint venture	47,171	2,300	-	-
Impairment loss on amounts due from subsidiaries	-	-	4,246	7,504
Impairment loss on loan due from a subsidiary	-	-	1,062	-
Impairment of investment in a subsidiary	-	-	336,922	-
Gain on liquidation of a subsidiary	-	(1,912)	-	-
(Gain)/loss on disposal of a subsidiary	(219)	-	56,415	-
Balance carried forward	708,162	647,065	363,206	162,864

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Balance brought forward	708,162	647,065	363,206	162,864
Realisation of foreign exchange upon disposal of a subsidiary	(3,658)	-	-	-
Impairment loss on investment in a joint venture	-	1,350	-	-
Loss on disposal of an associate	1,413	18,494	-	-
Gain on disposal of financial assets at fair value through profit or loss	-	(2,783)	-	-
Gain on waiver of loan due to a subsidary	-	-	-	(28,053)
Impairment of receivables (net)	7,760	69,814	-	-
Write down of inventory to net realisable value	2,379	9,655	-	-
Share of results from associates	1,625	11,721	-	-
Share of results from joint ventures	(14,858)	29,324	-	-
Net unrealised foreign exchange (gain)/loss	(2,685)	5,230	363	(696)
Dividends from subsidiaries	-	-	(417,100)	(234,353)
Dividend income from financial assets through other comprehensive income	(1,394)	(2,529)	-	-
Finance expense	183,158	202,442	132,246	94,910
Finance income	(25,085)	(33,969)	(256)	(342)
Other losses, net	237,817	227,236	-	-
Fair value changes in biological assets (net)	(3,318)	11,892	-	-
Provision for defined benefit plan	16,163	2,606	369	203
Termination of lease contracts (net)	-	(2,096)	-	(1,025)
Reversal of provision for asset retirement	-	(1,500)	-	-
Unwinding of discount for provision for asset retirement	459	465	-	-
Reversal of onerous contract (net)	-	(845)	-	-
Provision for litigation loss	-	2,700	-	-
Provision for LTIP	3,589	5,283	668	1,519
Operating profit/(loss) before working capital changes	1,111,527	1,201,555	79,496	(4,973)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Changes in working capital:				
Inventories	734,032	63,253	-	-
Receivables	21,604	57,252	5,521	2,273
Intercompany	364,613	(299,784)	(186,596)	(113,803)
Payables	(271,265)	2,082	3,432	(3,999)
Cash generated from/(used in) operation	1,960,511	1,024,358	(98,147)	(120,502)
Finance income	25,085	33,969	256	342
Taxation paid	(109,501)	(48,501)	(160)	(304)
Zakat paid	(6,397)	(18,603)	-	-
Tax refunded	155,476	18,731	639	10,319
Retirement benefit paid	(17,057)	(5,660)	(617)	(91)
Payment for litigation loss	(32,674)	-	-	-
Net cash generated from/(used in) operating activities	1,975,443	1,004,294	(98,029)	(110,236)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(620,894)	(958,727)	(2,043)	(3,287)
Purchase of right-of-use assets	(4,860)	(4,976)	-	-
Purchase of investment properties	-	(14,511)	-	-
Purchase of assets held for sale	-	(3,100)	-	-
Purchase of intangible assets	(3,262)	(17,273)	(2,219)	(7,554)
Additions of financial assets at fair value through other comprehensive income	(8,034)	(13,593)	-	-
Additions of financial assets at fair value through profit or loss (net)	(23,781)	(41,152)	-	-
Net cash outflow from liquidation of subsidiaries	-	(121)	-	-
Net cash inflow from disposal of subsidiaries	77,347	-	239,804	-
Balance carried forward	(583,484)	(1,053,453)	235,542	(10,841)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED)				
Balance brought forward	(583,484)	(1,053,453)	235,542	(10,841)
Additional investment in subsidiaries	-	-	(270,000)	(12,962)
Additional investment in a joint venture	(6,584)	-	-	-
Additional loans to subsidiaries	-	-	(305,249)	(249,464)
Repayment of loans from subsidiaries	-	-	248,586	246,129
Repayment of loan from a joint venture	22,510	-	-	-
Payment for asset retirement	(63)	(48)	-	-
Proceeds from disposal of property, plant and equipment	385	109	-	-
Proceeds from disposal of an associate	29,000	145,000	-	-
Proceeds from sales of financial assets at fair value through profit or loss (net)	8,731	116,606	-	-
Dividends received from subsidiaries	-	-	234,500	319,753
Dividends received from joint ventures	42,895	41,929	-	-
Dividends received from associates	1,167	824	-	-
Dividends received from financial assets at fair value through other comprehensive income	1,394	2,529	-	-
Advances to joint ventures	-	(67,690)	-	-
Net cash (used in)/generated from investing activities	(484,049)	(814,194)	143,379	292,615

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loans due to a significant shareholder		(272,605)	(230,399)	(272,605)	(230,399)
Repayment of loans due to subsidiaries		-	-	-	(135,808)
Drawdown of loans from subsidiaries		-	-	372,203	165,000
Drawdown of borrowings		4,474,502	6,075,541	-	84,880
Repayment of borrowings		(4,699,230)	(5,938,908)	(9,800)	-
Payments of lease liabilities		(39,121)	(47,141)	(5,025)	(6,567)
Repayment of LLA liability		(248,683)	(298,651)	-	-
Dividends paid to non-controlling interests		(82,395)	(46,089)	-	-
Finance expense paid		(221,921)	(218,296)	(130,427)	(90,456)
Purchase of treasury shares		(3,186)	(4,920)	(3,186)	(4,920)
Decrease/(increase) in restricted cash		75,169	(77,004)	-	-
Net cash used in financing activities		(1,017,470)	(785,867)	(48,840)	(218,270)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		473,924	(595,767)	(3,490)	(35,891)
Effect of foreign exchange rate changes		(1,644)	(2,111)	-	696
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,096,007	1,693,318	12,677	47,872
Add: Decrease in assets held for sale		160	567	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	37	1,568,447	1,096,007	9,187	12,677

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

Group				Non-cash changes					
2019	At 1 January 2019 RM'000	Drawdown RM'000	Repayment# RM'000	Finance costs/ interest accretion RM'000	Interest capitalisation RM'000	Lease additions/ termination (net) RM'000	Foreign exchange movement RM'000	Fair value movement RM'000	At 31 December 2019 RM'000
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)	-	-	-	-	236,821	4,316,146
Loans due to a significant shareholder	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	236,821	9,523,997
Asset									
Restricted cash	(124,344)	75,169	-	-	-	-	-	-	(49,175)

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

Group				Non-cash changes					
2018	At 1 January 2018 RM'000	Drawdown RM'000	Repayment# RM'000	Finance costs/ interest accretion RM'000	Interest capitalisation RM'000	Lease additions/ termination (net) RM'000	Foreign exchange movement RM'000	Fair value movement RM'000	At 31 December 2018 RM'000
Liabilities									
Islamic short term trade financing	2,572,665	3,796,122	(3,840,105)	58,097	3,271	-	(2,678)	-	2,587,372
Short term trade financing	722,059	1,734,033	(2,054,158)	21,670	27,842	-	95	-	451,541
Islamic term loans	814,404	545,386	(197,426)	42,250	-	-	-	-	1,204,614
Term loans	1,028	-	(5,769)	5,325	-	-	-	-	584
Total borrowings	4,110,156	6,075,541	(6,097,458)	127,342	31,113	-	(2,583)	-	4,244,111
Lease liabilities	268,689	-	(47,141)	13,168	-	59,364	-	-	294,080
LLA liability	4,393,280	-	(298,651)	-	-	-	-	233,379	4,328,008
Loans due to a significant shareholder	1,387,316	-	(290,145)	61,932	-	-	-	-	1,159,103
	10,159,441	6,075,541	(6,733,395)	202,442	31,113	59,364	(2,583)	233,379	10,025,302
Asset									
Restricted cash	(47,340)	(77,004)	-	-	-	-	-	-	(124,344)

Included in the repayment are finance expense paid amounted to RM221,921,000 (2018: RM218,296,000).

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

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

Company				Non-cash changes			
	At 1 January RM'000	Drawdown RM'000	Repayment# RM'000	Finance costs/ interest accretion RM'000	Lease addition/ termination RM'000	Waiver of loan due to a subsidary RM'000	At 31 December RM'000
2019							
Loans due to subsidiaries	1,104,909	372,203	(83,889)	83,889	-	-	1,477,112
Loans due to a significant shareholder	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
2018							
Loans due to subsidiaries	1,102,759	165,000	(164,207)	29,410	-	(28,053)	1,104,909
Loans due to a significant shareholder	1,387,316	-	(290,145)	61,932	-	-	1,159,103
Lease liabilities	14,791	-	(6,567)	1,257	29,152	-	38,633
Borrowings	-	84,880	(2,311)	2,311	-	-	84,880
	2,504,866	249,880	(463,230)	94,910	29,152	(28,053)	2,387,525

Included in the repayment are finance expense paid amounted to RM130,427,000 (2018: RM90,456,000).

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

2 BASIS OF PREPARATION (CONTINUED)

(i) Accounting pronouncements that are effective and have been adopted by the Group and Company as at 1 January 2019:

- MFRS 16 'Leases'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 128 'Investments in Associates and Joint Ventures' - Long-Term Interests in Associates and Joint Ventures
- Amendments to MFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation
- Amendments to MFRS 119 'Employee Benefits' - Plan Amendment, Curtailment or Settlement
- Annual Improvements to MFRS 3 'Business Combinations'
- Annual Improvements to MFRS 11 'Joint Arrangements'
- Annual Improvements to MFRS 112 'Income Taxes'
- Annual Improvements to MFRS 123 'Borrowing Costs'

Other than adoption of MFRS 16, the adoption of other pronouncements did not have significant impact on the financial statements of the Group and Company. The details of the adoption of MFRS 16 are disclosed in Note 62.

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

<u>Effective for annual periods beginning on or after 1 January 2020 with earlier application permitted</u>

Amendments to existing standards and other accounting pronouncements that are not expected to have any significant impact on the financial statements of the Group and Company:

- The Conceptual Framework for Financial Reporting
- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Material
- Amendments to MFRS 3 'Business Combinations' - Definition of Business

<u>Effective date yet to be determined by Malaysian Accounting Standards Board</u>

Amendments to existing standards that are currently being assessed by the Directors:

- Amendments to MFRS 10 and MFRS 128 on sale or contribution of assets between an investor and its associate or joint venture.

The Directors are currently assessing the impact of the above pronouncements on the financial statements of the Group and Company.

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.

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)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

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 thorugh 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Measurement (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

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
- Financial assets at fair value through other comprehensive income

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

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

a) General 3-stage approach for other receivables, 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, 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

(ii) Significant increase in credit risk (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

(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, financial assets at FVOCI and financial guarantee contracts are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

Impairment (continued)

(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.

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 difference 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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:

Property, plant and equipment	Estimated useful lives (years)
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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

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:

Investment properties	Estimated useful lives (years)
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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

Intangible assets	Estimated useful lives (years)
Brand	20 to 26
Licenses	9 to 18
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) Licenses is related to a license for subsidiaries to use certain technologies.

(iii) Software relates to information technology ("IT") used within the Group.

(iv) Land use rights relates to oil palm plantations in Indonesia.

(v) Intangible assets under development relates to IT system under development.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (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 actul 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

(c) Logistics and Others Sector (continued)

Some contracts include multiple deliverables, such as the sale of hardware, software, maintenace, 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

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 contract cost incurred related to contracts with period of less than one year as an expense when incurred.

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.

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:

ROU assets	Estimated useful lives (years)
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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases (continued)

(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.

<u>The Group as a lessor</u>

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases (continued)

The Group as a lessor (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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’.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

(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.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

Project management services

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

<u>Market risk</u>

(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.

<u>Group</u>

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 RM3,399,000 (2018: RM30,550,000).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

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 (2018: 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.

(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

		2019		2018	
Financial assets	**Sensitivity factor**	**Impact to profit after tax RM'000**	**Impact to equity RM'000**	**Impact to profit after tax RM'000**	**Impact to equity RM'000**
Fair value through other comprehensive income:					
- unquoted	Comparable PE multiple and PB multiple variance by 5%	-	5,184	-	4,132
- quoted	Share price variance by 5%	-	187	-	179
Fair value through profit or loss					
- quoted	Share price variance by 5%	2,240	-	1,750	-
Total impact		2,240	5,371	1,750	4,311

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 2019, 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:

	2019 RM'000	2018 RM'000
- Palm oil	16,662	7,407
- LLA liability	(244,492)	(237,790)
Net decrease	(227,830)	(230,383)

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:

	2019 RM'000	2018 RM'000
- Palm oil	(16,662)	(7,407)
- LLA liability	262,960	251,945
Net increase	246,298	244,538

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(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.

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial assets				
At fixed rate				
Fixed deposits	1,279,663	587,414	789	534
Loans due from joint ventures	-	70,201	-	-
	1,279,663	657,615	789	534
At floating rate (exposed to cash flow finance rate risk)				
Loans due from subsidiaries	-	-	62,600	6,999

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial liabilities				
At fixed rate				
Loans due to a significant shareholder	886,498	1,159,103	886,498	1,159,103
Loans due to subsidiaries	-	-	1,324,884	908,049
Islamic short term trade financing	2,775,418	2,587,372	75,080	84,880
Short term trade financing	299,338	451,541	-	-
	3,961,254	4,198,016	2,286,462	2,152,032

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial liabilities (continued)				
At floating rate (exposed to cash flow finance rate risk)				
LLA liability	4,316,146	4,328,008	-	-
Loans due to subsidiaries	-	-	152,228	196,860
Islamic term loans	873,893	1,204,614	-	-
Term loans	71,909	584	-	-
	5,261,948	5,533,206	152,228	196,860
	9,223,202	9,731,222	2,438,690	2,348,892

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 RM191,580,000 (2018: RM191,572,000) and decrease by RM121,526,000 (2018: RM122,222,000) respectively.

Other financial assets and financial liabilities are non-finance 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, at fair value through other comprehensive income (FVOCI) 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 a significant shareholder, 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.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(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 this period. 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. No significant changes to estimation techniques or assumptions were made during the reporting period.

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:

Category	Group's definition of category
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.

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)

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

Category	Group's definition of category	Basis for recognising ECL
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

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.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

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 2019, the Group has undrawn committed borrowing facilities amounting to RM432 million (2018: RM967 million).

As disclosed in Note 44 to the financial statements, MSM Malaysia Holdings Berhad ("MSMH"), a subsidiary of the Company had revised its payment terms and financial covenants in respect of its Islamic term loan during the financial year ended 31 December 2019. Based on the revised term sheet, the revised financial covenants shall be computed based on the MSMH's consolidated annual audited financial statements for the financial year ending 31 December 2020 onwards.

MSMH is also assessing various possibilities to negotiate the terms of the Islamic term loan with its lenders following the announcement by the Government of Malaysia on the moratorium repayment period in view of the COVID-19 pandemic, if necessary.

In addition to amending the payment period of the Islamic term loan, MSMH also plans to manage its liquidity risk by receiving income in the form of dividends and management fees from its subsidiaries, to meet its obligations over the next twelve months.

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:

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
At 31 December 2019					
Loans due to a significant shareholder	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 a significant shareholder	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
At 31 December 2018 (Restated)					
Loans due to a significant shareholder	137,683	51,630	1,222,290	-	1,411,603
LLA liability	263,100	319,099	973,724	47,377,338	48,933,261
Amount due to a significant shareholder	187,582	-	-	-	187,582
Amounts due to other related companies	2,559	-	-	-	2,559
Amount due to an associate	210	-	-	-	210
Amounts due to joint ventures	249	-	-	-	249
Derivative financial liabilities	7,545	-	-	-	7,545
Borrowings	3,551,140	154,649	557,486	160,292	4,423,567
Lease liabilities	46,351	37,887	81,233	265,841	431,312
Payables	1,155,067	-	-	-	1,155,067
Total undiscounted financial liabilities	5,351,486	563,265	2,834,733	47,803,471	56,552,955

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
At 31 December 2019					
Loans due to a significant shareholder	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 a significant shareholder	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
At 31 December 2018 (Restated)					
Loans due to a significant shareholder	137,683	51,630	1,222,290	-	1,411,603
Loans due to subsidiaries	304,564	199,379	569,922	203,472	1,277,337
Amounts due to subsidiaries	30,672	-	-	-	30,672
Amount due to a significant shareholder	1,441	-	-	-	1,441
Amounts due to other related companies	171	-	-	-	171
Lease liabilities	5,024	5,024	16,289	21,464	47,801
Payables	35,964	-	-	-	35,964
Total undiscounted financial liabilities	515,519	256,033	1,808,501	224,936	2,804,989

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 2019 and 31 December 2018.

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 a significant shareholder 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

	2019 RM'000	2018 RM'000 (Restated)
Borrowings	4,020,558	4,244,111
Loans due to a significant shareholder	886,498	1,159,103
LLA liability	4,316,146	4,328,008
Total debt	9,223,202	9,731,222
Total equity	6,100,300	6,603,781
Total capital with LLA liability	15,323,502	16,335,003
Gearing ratio	151%	147%

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies (continued)

Group (continued)

Without LLA liability

	2019 RM'000	2018 RM'000 (Restated)
Borrowings	4,020,558	4,244,111
Loans due to a significant shareholder	886,498	1,159,103
Total debt	4,907,056	5,403,214
Total equity	6,100,300	6,603,781
Total capital without LLA liability	11,007,356	12,006,995
Gearing ratio	80%	82%

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 2019, the Group had complied with all external financial covenants other than as disclosed in Note 44. The Group will continue to monitor and assess the compliance with the financial covenants for all borrowings on a regular basis.

Company

	2019 RM'000	2018 RM'000 (Restated)
Loans due to a significant shareholder	886,498	1,159,103
Loans due to subsidiaries	1,477,112	1,104,909
Borrowings	75,080	84,880
Total debt	2,438,690	2,348,892
Total equity	7,129,966	7,209,517
Total capital	9,568,656	9,558,409
Gearing ratio	34%	33%

There is no financial covenants imposed for the Company.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2019 and 31 December 2018.

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Assets				
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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Liabilities				
Financial liabilities 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
2018				
Assets				
Financial assets at fair value through profit or loss:				
(i) Derivatives				
- Foreign currency forward contracts	-	3,706	-	3,706
- Islamic profit rate swap	-	561	-	561
(ii) Trading securities	46,055	-	-	46,055
Financial assets at fair value through other comprehensive income	3,590	-	82,634	86,224
Total assets	49,645	4,267	82,634	136,546

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018				
Liabilities				
Financial liabilities at fair value through profit or loss:				
(i) LLA liability	-	-	4,328,008	4,328,008
(ii) Derivatives				
- Foreign currency forward contracts	-	630	-	630
- Commodities futures contracts	6,915	-	-	6,915
Total liabilities	6,915	630	4,328,008	4,335,553

The Company has no financial assets and liabilities that are measured at fair value at 31 December 2019 and 31 December 2018.

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 (2018: available-for-sale) 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.

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	
	2019 RM'000	2018 RM'000
LLA liability		
At 1 January	4,328,008	4,393,280
Fair value changes charged to profit or loss	236,821	233,379
Repayment during the financial year	(248,683)	(298,651)
At 31 December	4,316,146	4,328,008
Financial assets at fair value through other comprehensive income		
At 1 January	82,634	86,873
Additions	8,034	13,593
Fair value changes	13,018	(17,832)
At 31 December	103,686	82,634

(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 92 year period. As a result of the fair value assessment, the Group has recognised a LLA liability of RM4,316,146,000 (2018: RM4,328,008,000). The key assumptions and the sensitivity analysis are as disclosed in Note 48 to the financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(ii) Goodwill relating to sugar business 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 (2018: Nil) for goodwill relating to sugar business operations in Malaysia during the financial year. The key assumptions and the sensitivity analysis are as disclosed in Note 23(a)(i) to the financial statements.

(iii) Impairment of non-financial assets

<u>Group</u>

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 RM168,262,000 (2018: RM282,727,000) on certain property, plant and equipment, right-of-use assets, investment properties and intangible assets (other than goodwill) and assets held for sale. The key assumptions and the sensitivity analysis are as disclosed in Note 20 to the financial statements.

<u>Company</u>

The Company assessed it investments in FGV Sugar Sdn Bhd, a wholly owned subsidiary, 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). The recoverable amount was determined based on value in use of the investments, which is the net present value of the projected future cash flows derived from the CGU discounted at 11.4%. The key assumptions and results of the impairment assessment are disclosed in Notes 24(d) to the financial statements.

6 REVENUE

The Group and Company derive the following types of revenue:

Group

	2019 RM'000	2018 RM'000
Revenue from contracts with customers	13,213,947	13,410,174
Revenue from other sources	45,065	54,306
	13,259,012	13,464,480

(a) Disaggregation of revenue from contracts with customers:

2019	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")	4,459,271	-	-	-	4,459,271
Sales of refined bleached deodorised oil ("RBDO")	2,519,556	-	-	-	2,519,556
Sales of refined sugar and molasses	-	2,006,127	-	-	2,006,127
Sales of palm kernel ("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 crude palm kernel oil ("CPKO")	221,731	-	-	-	221,731
Sales of biodiesel products	226,621	-	-	-	226,621
Services rendered	13,530	-	329,899	25,335	368,764
Sales of fresh fruit bunches ("FFB")	38,522	814	-	-	39,336
Freight income	70,842	-	-	-	70,842
Others	22,318	14	672	7,226	30,230
	10,843,804	2,007,011	330,571	32,561	13,213,947
Timing of revenue recognition					
- at a point in time	10,772,962	2,007,011	284,472	32,561	13,097,006
- overtime	70,842	-	46,099	-	116,941
	10,843,804	2,007,011	330,571	32,561	13,213,947

6 REVENUE (CONTINUED)

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

2018	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ RM'000	Total RM'000
Major goods and services:					
Sales of CPO	4,730,513	-	-	-	4,730,513
Sales of RBDPO	2,231,059	-	-	-	2,231,059
Sales of refined sugar and molasses	-	2,200,766	-	-	2,200,766
Sales of PK	277,994	-	20,047	-	298,041
Sales of fertiliser, packed products and others	1,373,540	-	-	-	1,373,540
Sales of fatty acids	844,290	-	-	-	844,290
Sales of rubber products	670,336	85	-	-	670,421
Sales of CPKO	291,478	-	-	-	291,478
Sales of biodiesel products	173,933	-	-	-	173,933
Services rendered	60,408	-	428,915	27,992	517,315
Sales of FFB	17,011	988	-	-	17,999
Freight income	42,586	-	-	-	42,586
Others	9,074	17	1,665	7,477	18,233
	10,722,222	2,201,856	450,627	35,469	13,410,174
Timing of revenue recognition					
- at a point in time	10,679,636	2,201,856	371,407	35,469	13,288,368
- overtime	42,586	-	79,220	-	121,806
	10,722,222	2,201,856	450,627	35,469	13,410,174

The Group and the Company applied the practical expedient in MFRS 15 and do not disclose information about recognising obligations that have original expected duration of one year or less.

6 REVENUE (CONTINUED)

(b) Revenue from other sources

	2019 RM'000	2018 RM'000
Rental income	41,510	35,857
Finance income	3,555	18,449
	45,065	54,306

Company

	2019 RM'000	2018 RM'000
Revenue from contracts with customers	210,543	148,671
Revenue from other sources	418,568	235,915
	629,111	384,586
Revenue from contracts with customers		
Management fees	210,543	148,671
Timing of revenue recognition		
- over time	210,543	148,671
Revenue from other sources		
Dividend from subsidiaries:		
- unquoted	417,100	234,353
Finance income from financial institutions	256	342
Others	1,212	1,220
	418,568	235,915

7 OTHER OPERATING INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	10,180	10,219	240	-
Gain on disposal of financial assets at fair value through profit or loss	-	2,783	-	-
Gain on disposal of property, plant and equipment, (net)	-	80	-	-
Gain on liquidation of subsidiaries (Note 24(c))	-	1,912	-	-
Gain on disposal of a subsidiary (Note 24(b))	219	-	-	-
Realisation of foreign exchange reserve upon disposal of a subsidiary (Note 24(b))	3,658	-	-	-
Dividend income from financial assets at fair value through other comprehensive income	1,394	2,529	-	-
Income from sale of scrap	5,575	13,229	-	-
Income from sludge oil	2,545	2,320	-	-
Bad debt recovered	-	1,375	-	-
Income from penalty charges	6,015	4,803	-	-
Insurance reimbursement	282	2,186	-	-
Roundtable Sustainable Palm Oil - ("RSPO") premium income	6,001	1,613	-	-
Foreign currency exchange gains	12,248	29,903	-	-
Government transportation subsidy	6,402	6,443	-	-
Income from electricity supply in relation to biomass project	12,291	7,493	-	-
Loan due to a subsidiary waived (Note 47)	-	-	-	28,053
Other operating income	33,581	34,584	4,577	3,576
	100,391	121,472	4,817	31,629

8 IMPAIRMENT OF FINANCIAL ASSETS (NET)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Impairment loss of receivables (net)	7,760	69,814	-	-
Impairment loss on amounts due from joint ventures	89,669	20,212	-	-
(Reversal of impairment)/impairment loss on amount due from a significant shareholder (net)	(27,860)	40,844	-	-
(Reversal of impairment)/impairment loss on amounts due from other related companies	(30,440)	19,990	-	-
Impairment loss on loan due from a joint venture	47,171	2,300	-	-
Impairment loss of amounts due from subsidiaries	-	-	4,246	7,504
Impairment loss of loan due from a subsidiary	-	-	1,062	-
	86,300	153,160	5,308	7,504

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Impairment loss on intangible assets	179	526,625	-	-
Impairment loss/(reversal of impairment) on property, plant and equipment (net)	159,802	216,069	(739)	739
Impairment loss/(reversal of impairment) on right-of-use assets	8,281	(319)	-	-
Impairment loss on assets held for sale	-	52,080	-	-
Impairment loss on investment properties	-	1,218	-	1,218
	168,262	795,673	(739)	1,957

10 OTHER OPERATING EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss on disposal of an associate	1,413	18,494	-	-
Impairment loss on investment in a joint venture	-	1,350	-	-
Impairment loss on investment in subsidiaries	-	-	336,922	-
Provision for litigation loss	-	2,700	-	-
Loss on disposal of a subsidiary	-	-	56,415	-
Loss on disposal of property, plant and equipment	12	-	-	-
Other operating expenses	2,133	16,207	290	293
	3,558	38,751	393,627	293

11 OTHER LOSSES, NET

	Group	
	2019 RM'000	2018 RM'000
Land Lease Agreement ("LLA"):		
- Fair value losses (Note 48)	(236,821)	(233,379)
Foreign currency forward contracts:		
- Fair value gains	13,320	9,541
Financial assets at fair value through profit or loss		
- Fair value gains (Note 36)	4,715	1,380
Oil palm futures contracts:		
- Fair value losses	(23,477)	(4,778)
Sugar futures contracts:		
- Fair value gains	4,446	-
Fair value changes in biological assets (net)	3,318	-
	(234,499)	(227,236)

12 FINANCE INCOME AND COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finance income:				
- finance income from financial institutions	25,085	33,969	-	-
Total finance income	25,085	33,969	-	-
Finance costs:				
- loans from a significant shareholder	(45,201)	(61,932)	(45,201)	(61,932)
- loans from subsidiaries	-	-	(83,889)	(29,410)
- Islamic short term trade financing	(63,501)	(61,368)	(1,337)	(2,311)
- short term trade financing	(16,809)	(49,512)	-	-
- Islamic term loans	(87,328)	(42,250)	-	-
- term loans	(9,083)	(5,325)	-	-
- interest on lease liabilities	(15,623)	(13,168)	(1,819)	(1,257)
Less: amount capitalised in additions of property, plant and equipment	54,387	31,113	-	-
Total finance costs	(183,158)	(202,442)	(132,246)	(94,910)
Net finance costs	(158,073)	(168,473)	(132,246)	(94,910)

13 (LOSS)/PROFIT FOR THE FINANCIAL YEAR

(Loss)/profit for the financial year is stated after charging/(crediting):

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Matured estates operating expenses (collection, upkeep, cultivation and general charges)	282,949	397,523	-	-
Cost of raw materials and chemicals for production and manufacturing	8,025,893	8,507,558	-	-
Cost of purchasing CPO	128,580	107,210	-	-
Cost of petrol, diesel and natural gas	143,002	160,333	-	-
Service charge on CPO trading	5,415	317	-	-
Property, plant and equipment (Note 20):				
- Depreciation	672,397	647,270	1,919	4,430
- Write offs	14,486	24,488	1,155	15,255
- Loss/(gain) on disposal (net)	12	(80)	-	-
Right-of-use assets (Note 21):				
- Depreciation	71,239	80,651	4,361	5,809
- Termination of lease contracts	1,300	31,928	-	9,074
Investment properties (Note 22):				
- Depreciation	12,321	12,417	882	881
Intangible assets (Note 23):				
- Amortisation	27,779	27,395	8,872	7,605
- Write offs	2,173	2,784	-	2,784
Write down of inventory to net realisable value	2,379	9,655	-	-
- Short-term lease payments	4,149	6,172	181	-
- Rental of low value assets	2,876	4,985	-	-
- Rental of other equipment (service contracts)	13,277	19,887	-	-
Fair value changes in biological assets (net)	3,318	(11,892)	-	-
Repairs and maintenance of refining plants and mills	182,645	155,191	-	-
Repairs and maintenance of motor vehicles	24,033	23,378	-	-
Principal auditors' remuneration:				
- Audit fee	4,209	4,401	595	598
- Other assurance services	1,488	1,501	1,187	1,187
- Non-audit fee				
- current year	30	54	30	35
Member firms of principal auditors' remuneration:				
- Audit fee	1,451	1,423	-	-

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

(Loss)/profit for the financial year is stated after charging/(crediting): (continued)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Other firms of auditors' remuneration:				
- Audit fee	339	169	-	-
- Non-audit fee	-	3,266	-	3,034
Staff costs*	1,617,610	1,626,887	94,587	96,947
Professional and technical fees	17,785	9,701	7,370	7,951
Contributions to Yayasan Felda	5,000	5,762	-	-
Net realised foreign exchange loss/(gain)	3,015	4,015	(73)	696
Net unrealised foreign exchange (gain)/loss	(2,685)	5,230	363	(696)
Research and non-capitalised development costs	30,219	32,631	-	-
Construction cost recognised as an expense	7,992	46,512	-	-
Reversal of onerous contract (net)	-	(845)	-	-
Reversal of provision for asset retirement (net)	-	(1,500)	-	-
Unwinding of discount for provision for asset retirement	459	465	-	-
Transportation, loading and handling	219,777	157,217	-	-

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	1,257,489	1,206,639	61,436	64,454
Defined contribution plan	120,484	124,691	10,727	12,142
Defined benefit plan	16,163	2,606	369	203
Employee share grant	3,589	5,283	668	1,519
Other employee benefits	219,885	287,668	21,387	18,629
	1,617,610	1,626,887	94,587	96,947

Staff cost included in costs of sales amounted to RM1,139,942,000 (2018: RM1,192,630,000) and RM67,644,000 (2018: RM28,697,000) for the Group and Company respectively.

14 DIRECTORS' REMUNERATION

2019	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
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

14 DIRECTORS' REMUNERATION (CONTINUED)

2018	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
Fees:			
- Independent Non-Executive	1,185	-	1,185
- Non-Independent Non-Executive	1,018	342	1,360
	2,203	342	2,545
Salaries, bonuses and allowances:			
- Independent Non-Executive	416	-	416
- Executive Director	1,015	-	1,015
	1,431	-	1,431
Defined contribution plan:			
- Executive Director	266	-	266
Benefit in kind:			
- Independent Non-Executive	31	-	31
- Non-Independent Non-Executive	327	-	327
- Executive Director	213	4	217
	571	4	575
Other benefits:			
- Independent Non-Executive	454	-	454
- Non-Independent Non-Executive	411	18	429
- Executive Director	-	38	38
	865	56	921
	5,336	402	5,738

15 ZAKAT

	Group	
	2019 RM'000	2018 RM'000
Movement of zakat liability:		
At beginning of financial year	-	-
Current financial year's zakat expense	6,397	18,603
Zakat paid	(6,397)	(18,603)
At end of financial year	-	-

16 TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Malaysian income tax:				
- In respect of current financial year	131,542	37,924	337	450
- In respect of prior financial year	(861)	(1,957)	(452)	(172)
Foreign income tax:				
- In respect of current financial year	5,062	5,989	-	-
Deferred tax (Note 51)	(109,813)	58,078	28,320	(27,993)
Tax expense/(credit)	25,931	100,034	28,205	(27,715)

16 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to (loss)/profit 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	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
(Loss)/profit before taxation after zakat	(345,225)	(1,043,570)	(51,889)	116,639
Malaysian corporate tax rate of 24% (2018: 24%)	(82,854)	(250,457)	(12,453)	27,993
Tax effect of:				
- different tax rates in other countries	1,182	(2,575)	-	-
- expenses not deductible for tax purposes	115,341	222,222	130,881	30,235
- income not subject to tax	(50,103)	(16,308)	(100,549)	(56,713)
- over provision of income tax in prior financial year	(861)	(1,957)	(452)	(172)
- temporary differences not recognised as deferred tax	88,159	168,317	10,778	-
- tax incentive	(7,252)	-	-	-
- temporary differences previously not recognised as deferred tax	(35,365)	(29,058)	-	(29,058)
- others	(2,316)	9,850	-	-
Tax expense/(credit)	25,931	100,034	28,205	(27,715)

17 DIVIDEND

There were no dividends declared and paid during the financial year (2018: Nil)

The Board of Directors are recommending the payment of a final single tier dividend of 2.0 sen per ordinary share amounting to RM72.96 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967, and which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

18 EARNINGS PER SHARE

	Group	
	2019	2018
Basic and diluted EPS (sen)	(6.7)	(29.6)

The basic earnings per share ("EPS") has been calculated based on the consolidated 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 2019 and 31 December 2018.

	Group	
	2019	2018
Loss for the financial year attributable to equity hareholders (RM'000)	(246,174)	(1,080,923)
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152

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 2019 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 and sale of planting materials.

- 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 2018 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.

19 SEGMENT REPORTING (CONTINUED)

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

2019	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
Total segment revenue	15,565,795	2,423,753	674,860	512,980	19,177,388
Less: Inter-segment revenue	(4,703,963)	(416,742)	(321,051)	(476,620)	(5,918,376)
Revenue from external customers	10,861,832	2,007,011	353,809	36,360	13,259,012
(Loss)/profit before zakat and taxation for the financial year	(8,847)	(316,129)	30,211	(44,063)	(338,828)
Zakat					(6,397)
Taxation					(25,931)
Loss after taxation for the financial year					(371,156)
Other information:					
Finance income	10,902	6,152	7,219	812	25,085
Finance costs	(75,042)	(76,985)	(3,274)	(27,857)	(183,158)
Depreciation and amortisation	(578,530)	(94,612)	(90,471)	(20,123)	(783,736)
Write-offs/write-down	(13,276)	(2,454)	(651)	(2,657)	(19,038)
Impairment loss (net)					
- financial assets	(26,519)	(6,812)	(7,561)	(45,408)	(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	618,548	12,050	46,983	5,822	683,403

19 SEGMENT REPORTING (CONTINUED)

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

2018	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
Total segment revenue	15,898,198	2,569,311	754,688	434,544	19,656,741
Less: Inter-segment revenue	(5,160,676)	(367,455)	(283,676)	(380,454)	(6,192,261)
Revenue from external customers	10,737,522	2,201,856	471,012	54,090	13,464,480
(Loss)/profit before zakat and taxation for the financial year	(988,535)	58,710	67,636	(162,778)	(1,024,967)
Zakat					(18,603)
Taxation					(100,034)
Loss after taxation for the financial year					(1,143,604)

Other information:					
Finance income	21,526	13,384	5,601	(6,542)	33,969
Finance costs	(77,621)	(47,774)	(10,906)	(66,141)	(202,442)
Depreciation and amortisation	(572,980)	(62,052)	(86,398)	(46,303)	(767,733)
Write-offs/write-down	(9,785)	(7,770)	(1,285)	(18,087)	(36,927)
Impairment (loss)/reversal of impairment (net)					
- financial assets	(135,851)	-	(7,410)	(9,899)	(153,160)
- non-financial assets	(784,939)	-	267	(11,001)	(795,673)
Fair value changes in LLA liability	(233,379)	-	-	-	(233,379)
Share of results of joint ventures	(41,504)	-	-	12,180	(29,324)
Share of results of associates	1,540	-	-	(13,261)	(11,721)
Capital expenditure	567,405	361,760	27,887	55,037	1,012,089

19 SEGMENT REPORTING (CONTINUED)

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.

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

	2019 RM'000	2018 RM'000
Malaysia	7,463,327	9,694,374
Overseas:		
- India	1,290,053	-
- China	569,303	823,630
- Pakistan	969,981	700,801
- Asia (excluding Malaysia, China, Pakistan, Indonesia and India)*	1,706,290	1,006,891
- United States and Canada	700,260	799,840
- Europe	330,667	269,315
- New Zealand	27,080	22,027
- Indonesia	35,090	42,381
- Others	166,961	105,221
	13,259,012	13,464,480

* In previous financial year, included in Asia was sales to India amounted to RM446,805,000 on Free-On-Board term.

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:

	2019 RM'000	2018 RM'000
Malaysia	11,457,996	12,033,739
Overseas:		
- United States and Canada	260,899	249,891
- China	-	62,468
- Indonesia	180,293	166,835
- Pakistan	33,899	32,781
- Cambodia	19,657	20,059
- Others	3,759	4,470
	11,956,503	12,570,243

In the current financial year, two (2018: two) major customers in the Plantation Sector contributed RM1,024,396,000 (8%) and RM727,956,000 (5%) respectively (2018: RM1,671,268,000 (12%) and RM980,795,000 (7%) respectively) to the Group's total revenues.

20 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2019									
Cost									
At 1 January 2019, as previously stated	49,548	2,209,636	2,453,289	3,157,235	370,542	449,176	1,245,681	4,944,409	14,879,516
Effects of adoption of MFRS 16 (Note 62)	-	(2,209,636)	-	-	-	-	-	-	(2,209,636)
At 1 January 2019, as restated	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(b))	-	-	(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

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2019 (continued)									
Accumulated depreciation/ impairment									
At 1 January 2019, as previously stated	184	189,809	704,572	1,171,308	208,765	187,951	103,000	1,792,927	4,358,516
Effects of adoption of MFRS 16 (Note 62)	-	(189,809)	-	-	-	-	-	-	(189,809)
At 1 January 2019, as restated	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(b))	-	-	(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)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2018									
Cost									
At 1 January 2018, as previously stated	49,157	2,205,339	2,356,256	2,980,935	354,836	290,967	1,053,634	4,699,198	13,990,322
Effects of adoption of MFRS 16	-	(2,205,339)	-	-	-	-	-	-	(2,205,339)
At 1 January 2018, as restated	49,157	-	2,356,256	2,980,935	354,836	290,967	1,053,634	4,699,198	11,784,983
Additions	-	-	36,512	30,714	30,479	28,925	555,149	308,061	989,840
Disposals	-	-	-	(155)	(626)	(36)	-	-	(817)
Write offs	-	-	(27,136)	(15,112)	(15,171)	(7,654)	(100)	(59,968)	(125,141)
Reclassification	1	-	72,400	154,271	1,123	135,222	(363,017)	-	-
Transfer from right of use	-	-	-	1,642	-	-	-	-	1,642
Transfer from assets held for sale	-	-	15,205	1,005	-	1,570	-	-	17,780
Exchange differences	390	-	52	3,935	(99)	182	15	(2,882)	1,593
At 31 December 2018	49,548	-	2,453,289	3,157,235	370,542	449,176	1,245,681	4,944,409	12,669,880

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2018 (continued)									
Accumulated depreciation/ impairment									
At 1 January 2018, as previously stated	184	150,843	551,862	929,932	187,466	155,686	-	1,568,227	3,544,200
Effects of adoption of MFRS 16	-	(150,843)	-	-	-	-	-	-	(150,843)
At 1 January 2018, as restated	184	-	551,862	929,932	187,466	155,686	-	1,568,227	3,393,357
Charge for the financial year	-	-	143,155	230,140	34,004	37,703	-	202,268	647,270
(Reversal)/impairment loss	-	-	13,092	20,369	944	30	103,000	78,634	216,069
Disposals	-	-	-	(142)	(622)	(24)	-	-	(788)
Write offs	-	-	(11,680)	(12,577)	(13,029)	(7,164)	-	(56,203)	(100,653)
Reclassification	-	-	55	(42)	59	(72)	-	-	-
Transfer from assets held for sale	-	-	7,933	1,005	-	1,570	-	-	10,508
Exchange differences	-	-	155	2,623	(57)	222	-	1	2,944
At 31 December 2018	184	-	704,572	1,171,308	208,765	187,951	103,000	1,792,927	4,168,707
Net book value at 31 December 2018	49,364	-	1,748,717	1,985,927	161,777	261,225	1,142,681	3,151,482	8,501,173
Net book value at 1 January 2018	48,973	-	1,804,394	2,051,003	167,370	135,281	1,053,634	3,130,971	8,391,626

Included in the additions of property, plant and equipment were RM47,123,000 (2018: RM2,875,000) in relation to capitalised finance cost for bearer plants at average finance rate of 4.60% (2018: 5.8%) and RM7,264,000 (2018: RM28,238,000) in relation to capitalised borrowing costs for other qualifying assets at average finance rate of 4.74% (2018: 4.61%).

As at 31 December 2019, the carrying amount of property, plant and equipment under land arrangements with FELDA amounted to RM411,571,000 (2018: RM403,648,000). FELDA is in the midst of applying the land titles from respective state authorities.

Net book value of the property, plant and equipment pledged as security to borrowings amounted to RM279,335,000 (2018: RM282,712,000).

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants

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

	Mature				Immature						
Group	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	Nursery RM'000	Livestock RM'000	Total bearer plants 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	42,699	614	4,944,409
Additions	2,800	1,626	-	4,426	211,105	16,301	22	227,428	26,675	-	258,529
Disposal	(339)	-	-	(339)	(312)	-	-	(312)	-	-	(651)
Write offs	(67,381)	-	-	(67,381)	(575)	-	-	(575)	-	(180)	(68,136)
Reclassification from:											
- immature	227,564	3,995	-	231,559	(227,564)	(3,995)	-	(231,559)	-	-	-
- planting	-	-	-	-	51,559	-	-	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	3	-	2,787
At 31 December 2019	3,947,887	55,735	-	4,003,622	925,103	116,389	-	1,041,492	17,818	434	5,063,366
Accumulated depreciation											
At 1 January 2019	1,780,794	11,611	44	1,792,449	-	-	-	-	-	478	1,792,927
Charge for the financial year	193,717	3,006	13	196,736	-	-	-	-	-	42	196,778
Disposal	(339)	-	-	(339)	-	-	-	-	-	-	(339)
Write offs	(66,896)	-	-	(66,896)	-	-	-	-	-	(151)	(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	-	-	-	-	-	369	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	17,818	65	3,142,123

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

Group	Mature				Immature						
	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	Nursery RM'000	Livestock RM'000	Total bearer plants RM'000
2018											
Cost											
At 1 January 2018	3,277,147	35,316	397	3,312,860	1,170,029	164,531	368	1,334,928	50,754	656	4,699,198
Additions	452	-	-	452	249,476	25,440	87	275,003	32,606	-	308,061
Write offs	(56,173)	-	-	(56,173)	(372)	-	-	(372)	(3,381)	(42)	(59,968)
Reclassification from:											
- immature	565,278	37,018	279	602,575	(565,278)	(37,018)	(279)	(602,575)	-	-	-
- planting	-	-	-	-	37,282	-	-	37,282	(37,282)	-	-
Exchange differences	(197)	-	-	(197)	(2,687)	-	-	(2,687)	2	-	(2,882)
At 31 December 2018	3,786,507	72,334	676	3,859,517	888,450	152,953	176	1,041,579	42,699	614	4,944,409
Accumulated depreciation											
At 1 January 2018	1,554,507	13,255	16	1,567,778	-	-	-	-	-	449	1,568,227
Charge for the financial year	199,263	2,918	28	202,209	-	-	-	-	-	59	202,268
Impairment loss/(reversal)	83,196	(4,562)	-	78,634	-	-	-	-	-	-	78,634
Write offs	(56,173)	-	-	(56,173)	-	-	-	-	-	(30)	(56,203)
Exchange differences	1	-	-	1	-	-	-	-	-	-	1
At 31 December 2018	1,780,794	11,611	44	1,792,449	-	-	-	-	-	478	1,792,927
Net book value at 31 December 2018	2,005,713	60,723	632	2,067,068	888,450	152,953	176	1,041,579	42,699	136	3,151,482
Net book value at 1 January 2018	1,722,640	22,061	381	1,745,082	1,170,029	164,531	368	1,334,928	50,754	207	3,130,971

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM'000	Motor vehicle RM'000	Building, structure and renovation RM'000	Work in progress RM'000	Total RM'000
2019					
Cost					
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
Accumulated depreciation					
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
2018					
Cost					
At 1 January 2018	14,396	8,477	23,640	-	46,513
Addition	,277	-	-	1,010	3,287
Write offs	(1,197)	(4,477)	(21,456)	-	(27,130)
At 31 December 2018	15,476	4,000	2,184	1,010	22,670
Accumulated depreciation					
At 1 January 2018	6,907	5,042	6,535	-	18,484
Charge for the financial year	1,627	902	1,901	-	4,430
Impairment loss	-	739	-	-	739
Write offs	(1,066)	(2,842)	(7,967)	-	(11,875)
At 31 December 2018	7,468	3,841	469	-	11,778
Net book value at 31 December 2018	8,008	159	1,715	1,010	10,892
Net book value at 1 January 2018	7,489	3,435	17,105	-	28,029

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant impairment of property, plant and equipment

Financial year ended 31 December 2019

a) A plan to rationalise the capacity of the three sugar refinery plants was embarked during the 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 are 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 is 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 continues to operate below capacity arising from unscheduled outages and maintenance which has been identified as indicator for impairment for the asset.

An assessment of recoverable amount has 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. The amount is included as part of the impairment loss in Logistics and Others Sector in the Group's segment reporting (Note 19).

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant impairment of property, plant and equipment (continued)

Financial year ended 31 December 2018

a) Suspended construction of a plant in an indirect subsidiary of the Company, FGV Green Energy ("FGVGE") was identified as indicator for an impairment test to be performed for FGVGE's non-current assets. The recoverable amount of the plant was determined based on the offer received from a potential buyer as the Group does not intend to complete the construction nor operate the plant. As at 31 December 2018, the offer had been withdrawn and as a result, the Group had recognised the full impairment of RM113,888,000 which comprised RM103,024,000 for property, plant and equipment and RM10,864,000 for intangible assets (other than goodwill) (Note 23(b)) of FGVGE which was recorded as impairment of non-financial assets of the Group. The amount had been included as part of the impairment loss of Plantation Sector in the Group's segment reporting (Note 19).

b) The recoverable amount of Asian Plantations Limited ("APL") CGU was determined based on the valuation report obtained from an external valuer using income approach (level 3 fair value computation) with cash flow projections covering a 25 year period. Based on the valuation, the recoverable amount of APL was RM504,800,000, which resulted in the full goodwill being impaired (Note 23(a)(iii)). In addition, a further impairment of RM83,196,000 had been recognised for property, plant and equipment. The impairments had been recognised in the Group's impairment of non-financial assets and had been included as part of the impairment loss of Plantation Sector in the Group's segment reporting (Note 19).

   The key assumptions used in the valuation were as follows:

   Financial year ended 31 December 2018

(i)	CPO price	RM2,390/MT
(ii)	PK price	RM1,884/MT
(iii)	Cost of production	RM2,480/ha to RM3,225/ha
(iv)	FFB yield	11.9 MT/ha to 20.0 MT/ha
(v)	Discount rate	9.0%

   (i) CPO and PK price

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

   (ii) Cost of production and FFB yield

   The cost of production and FFB yield were based on forecast provided by the Group's upstream operations management, based on this Group's approved budget, historical results and industry trend.

   (iii) Discount rate

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

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant impairment of property, plant and equipment (continued)

Financial year ended 31 December 2018 (continued)

c) In previous financial year, FGV Palm Industries Sdn. Bhd., an indirect subsidiary of Company, had closed down two mills as part of the Group's rationalisation plan. As a result, an impairment of RM9,877,000 was recognised as the Group's impairment of non-financial assets of the Group.

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.

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

	Group	
	2019 RM'000	2018 RM'000
Within 1 year	2,112	2,134
Between 1 and 2 years	2,112	2,134
Between 2 and 3 years	2,112	2,134
Between 3 and 4 years	2,112	2,134
Between 4 and 5 years	2,112	2,134
	10,560	10,670

Rental income recognised in profit or loss during the financial year amounted to RM1,930,000 (2018: RM1,955,000).

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
2019					
Cost					
At 1 January 2019, effects of adoption of MFRS 16 (Note 62)	2,294,304	333,467	24,339	21	2,652,131
Additions	4,860	16,012	15,501	-	36,373
Termination of lease contracts	-	(4,806)	-	-	(4,806)
Disposal of a subsidiary (Note 24(b))	(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	2,167,062	344,673	39,405	21	2,551,161
Accumulated depreciation/ impairment					
At 1 January 2019, effects of adoption of MFRS 16 (Note 62)	207,388	72,528	6,784	9	286,709
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(b))	(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	230,016	93,036	14,327	21	337,400
Net book value at 31 December 2019	1,937,046	251,637	25,078	-	2,213,761

21 RIGHT-OF-USE ASSETS (CONTINUED)

Group	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
2018					
Cost					
At 1 January 2018, effects of adoption of MFRS 16 (Note 62)	2,291,105	299,400	19,587	-	2,610,092
Additions	4,976	88,615	4,752	21	98,364
Termination of lease contracts	-	(54,548)	-	-	(54,548)
Transfer to property, plant and equipment	(1,642)	-	-	-	(1,642)
Transfer from asset held for sale	1,054	-	-	-	1,054
Currency translation differences	(1,189)	-	-	-	(1,189)
At 31 December 2018	2,294,304	333,467	24,339	21	2,652,131
Accumulated depreciation					
At 1 January 2018, effects of adoption of MFRS 16 (Note 62)	164,943	63,856	-	-	228,799
Charge for the financial year	42,566	31,292	6,784	9	80,651
Termination of lease contracts	-	(22,620)	-	-	(22,620)
Reversal of impairment	(319)	-	-	-	(319)
Transfer from asset held for sale	411	-	-	-	411
Currency translation differences	(213)	-	-	-	(213)
At 31 December 2018	207,388	72,528	6,784	9	286,709
Net book value at 31 December 2018	2,086,916	260,939	17,555	12	2,365,422
Net book value at 1 January 2018	2,126,162	235,544	19,587	-	2,381,293

21 RIGHT-OF-USE ASSETS (CONTINUED)

Group (continued)

As at 31 December 2019, the carrying amount of right-of-use assets under land arrangements with FELDA amounted to RM21,441,000 (2018: RM24,033,000). FELDA is in the midst of applying the land titles from respective state authorities.

Company	Buildings RM'000
2019	
Cost	
At 1 January 2019, effects of adoption of MFRS 16 (Note 62)/31 December 2019	39,251
Accumulated depreciation	
At 1 January 2019, effects of adoption of MFRS 16 (Note 62)	1,454
Charge for the financial year	4,361
At 31 December 2019	5,815
Net book value at 31 December 2019	33,436
2018	
Cost	
At 1 January 2018, effects of adoption of MFRS 16 (Note 62)	26,132
Additions	39,251
Termination of lease contracts	(26,132)
At 31 December 2018	39,251
Accumulated depreciation	
At 1 January 2018, effects of adoption of MFRS 16 (Note 62)	12,703
Charge for the financial year	5,809
Termination of lease contracts	(17,058)
At 31 December 2018	1,454
Net book value at 31 December 2018	37,797
Net book value at 1 January 2018	13,429

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short term lease payments	4,149	6,172	181	-
Rental of low value assets	2,876	4,985	-	-
Payments of lease liabilities	39,121	47,141	5,025	6,567
	46,146	58,298	5,206	6,567

22 INVESTMENT PROPERTIES

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
2019				
Cost				
At 1 January/31 December 2019	32,006	21,591	127,145	180,742
Accumulated depreciation/impairment				
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
2018				
Cost				
At 1 January 2018	32,006	7,080	128,038	167,124
Additions	-	14,511	-	14,511
Liquidation of a subsidiary	-	-	(893)	(893)
At 31 December 2018	32,006	21,591	127,145	180,742
Accumulated depreciation/impairment				
At 1 January 2018	-	2,076	46,879	48,955
Charge for the financial year	-	249	12,168	12,417
Impairment loss	-	-	1,218	1,218
Liquidation of a subsidiary	-	-	(218)	(218)
At 31 December 2018	-	2,325	60,047	62,372
Net book value at 31 December 2018	32,006	19,266	67,098	118,370

22 INVESTMENT PROPERTIES (CONTINUED)

Company	Buildings 2019 RM'000	Buildings 2018 RM'000
Cost		
At 1 January/31 December 2019	17,627	17,627
Accumulated depreciation/impairment		
At 1 January	3,680	1,581
Charge for the financial year	882	881
Impairment loss	-	1,218
At 31 December	4,562	3,680
Net book value at 31 December	13,065	13,947

The following amounts have been recognised in profit or loss:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income from investment properties	5,099	3,939	187	-
Direct operating expenses arising from investment properties that generate rental income	(2,133)	(2,468)	(142)	-
Direct operating expenses arising from investment properties that did not generate rental income	-	-	(38)	(89)

The fair value of the investment properties above as at 31 December 2019 is estimated at RM281,476,000 (2018: RM269,417,000) for the Group and RM21,963,000 (2018: RM18,741,000) 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.

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
Net book value							
2019							
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		

Group	Goodwill RM'000	Brand RM'000	Licenses RM'000	Software RM'000	Land use rights RM'000	Others RM'000	Intangible assets under development RM'000	Total RM'000
Net book value								
2018								
At 1 January 2018	1,315,981	94,208	11,857	56,618	45,627	1,856	10,421	1,536,568
Additions	-	-	-	6,457	138	-	10,678	17,273
Reclassification	-	(4,271)	(993)	12,109	-	-	(6,845)	-
Amortisation charge	-	(4,650)	-	(21,766)	(741)	(238)	-	(27,395)
Impairment charge	(512,946)	-	(10,864)	-	-	-	(2,815)	(526,625)
Write offs	-	-	-	(2,784)	-	-	-	(2,784)
Exchange differences	-	-	-	-	(1,051)	35	-	(1,016)
At 31 December 2018	803,035	85,287	-	50,634	43,973	1,653	11,439	996,021
Expected remaining useful lives (years) - 31 December 2018		12-19	-	1-5	32	8		

23 INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Intangible asset under development RM'000	Total RM'000
Net book value			
2019			
At 1 January 2019	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 2019	16,085	9,326	25,411
2018			
At 1 January 2018	20,702	14,197	34,899
Additions	3,468	4,086	7,554
Amortisation charge	(7,605)	-	(7,605)
Reclassification	6,845	(6,845)	-
Write offs	(2,784)	-	(2,784)
At 31 December 2018	20,626	11,438	32,064

(a) Impairment test for goodwill

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

	Group	
	2019 RM'000	2018 RM'000
Sugar business operations in Malaysia	576,240	576,240
Palm upstream operations in Malaysia	226,795	226,795
	803,035	803,035

(i) Sugar business operations in Malaysia

The goodwill relates to the acquisition of the sugar business by the Group and is allocated to 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 a three-year period and applying a terminal value growth rate multiple using longer-term sustainable growth rates.

23 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(i) Sugar business operations in Malaysia (continued)

The recoverable amount calculated based on VIU exceeded the carrying value by RM144 million (2018: RM306 million).

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

	2019	2018
Selling price, RM per metric tonne ("MT")	1,607 - 2,600	1,746 - 2,630
Raw sugar price, US cents per pound	13.5 - 14.0	14.0
Sales volume, MT'000	1,156 - 1,268	1,238 - 1,561
Terminal value growth rate	2%	2%
Discount rate	9.0% - 11.4%	10.5% - 12.5%
Exchange rate (RM – USD)	RM4.20/USD	RM4.15/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. The selling prices are held constant in FY 2019 and FY 2020 except for export sales.

(b) Raw sugar price
Raw sugar price is projected in line with New York #11 raw sugar future contracts. The long term price beyond FY 2020 is held constant consistent with selling prices.

(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 2019.

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.

2019

Key assumptions	Sensitivity	VIU lower by RM'000
Selling price	Reduce by RM50 per metric tonne	262,359
Raw sugar price	Increase by 0.5 cent per pound	340,519
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.

2018

Key assumptions	Sensitivity	VIU lower by RM'000
Selling price	Reduce by RM50 per metric tonne	323,000
Raw sugar price	Increase by 1 cent per pound	674,000
Sales volume	Reduce by 5%	246,000
Discount rate	Increase by 1%	298,000

A reduction in domestic selling price of RM47/MT and increase in raw sugar price by 0.5 cents per pound 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.

23 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(ii) Palm upstream operations in Malaysia (excluding APL)

Goodwill of RM226,795,000 (2018: RM226,795,000) for palm upstream operations in Malaysia comprise of RM127,238,000 (2018: RM127,238,000) for PUP and RM99,557,000 (2018: 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 (excluding APL) 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 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%

Financial year ended 31 December 2018

(i)	CPO price	RM2,250/MT to RM2,586/MT
(ii)	PK price	RM1,600/MT to RM1,875/MT
(iii)	Average FFB yield	17.8 MT/ha to 27.1 MT/ha
(iv)	Estate cost	Mature estate costs – RM3,079 per hectare to RM3,693 per hectare based on a 25 year cycle for oil palm Immature estate costs – RM3,993 per hectare to RM4,331 per hectare based on a 25 year cycle for oil palm
(v)	Discount rate	9.5%

23 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(ii) Palm upstream operations in Malaysia (excluding APL) (continued)

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) Asian Plantation Limited ("APL")

In previous financial year, the goodwill from the acquisition of APL was assessed separately because management had re-organised its reporting structure to review APL operations separately from the other palm upstream operations. The re-organisation was done as APL continues to be loss making since acquisition, despite efforts undertaken to improve its performance due to several challenges faced by APL in particular due to its geographical location, labour shortages and weather. In addition, certain planted areas have been identified as no longer harvestable resulting in significant reduction in overall hectarage of planted areas.

Based on the assessment, the goodwill of RM512,946,000 had been fully impaired in the previous financial year. Refer to Note 20(b) for the key assumptions used in the valuation of APL.

(b) Impairment test for intangible assets (other than goodwill)

Suspended construction of a plant in FGV Green Energy Sdn. Bhd. ("FGVGE"), an indirect subsidiary of the Company was identified as indicator for an impairment test to be performed for FGVGE's non-current assets. The recoverable amount of the plant was determined based on the offer received from a potential buyer. As at 31 December 2018, the offer had been withdrawn and as a result, the Group had recognised impairment loss of RM10,864,000, which was recorded as impairment of non-financial assets of the Group in the previous financial year.

24 INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
At cost less accumulated impairment		
(i) Malaysian quoted shares:		
Ordinary shares:		
At 1 January	270,026	270,026
Impairment loss (Note 24(d))	(73,836)	-
At 31 December	196,190	270,026
(ii) Malaysian unquoted shares:		
Ordinary shares:		
At 1 January	6,592,493	6,571,706
Additions	270,000	12,962
Disposal of a subsidiary	(200,000)	-
Conversion of amount due from a subsidiary into ordinary shares (Note 29)	8,118	7,825
At 31 December	6,670,611	6,592,493
(iii) Foreign unquoted shares:		
At 1 January	110,419	110,419
Disposal of a subsidiary	(101,187)	-
At 31 December	9,232	110,419
(iv) RCPS/RCCPS:		
At 1 January	1,796,335	1,796,334
Impairment loss (Note 24(d))	(263,086)	-
At 31 December	1,533,249	1,796,334
(v) Capital contribution to subsidiaries:		
At 1 January/31 December	15,482	15,482
Total	8,424,764	8,784,754
Market value of Malaysian quoted shares, based on Group's effective interest	315,498	932,152

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

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Direct subsidiaries										
Felda Global Ventures Indonesia Sdn. Bhd. (Note 7)	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	Under liquidation	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	100.0	100.0	100.0	100.0	-	-	100.0	100.0
FGV Plantations Sdn. Bhd. (Note 4)	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Direct subsidiaries (continued)										
FGV Shared Service Centre Sdn. Bhd.	Malaysia	Provision of shared services	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	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Direct subsidiaries (continued)										
Felda Global Ventures Rubber Sdn. Bhd. *(Note 2)*	Malaysia	Liquidated	-	100.0	-	100.0	-	-	-	-
FGV Trading Sdn. Bhd. *(Note 4)*	Malaysia	Commodity trading	-	100.0	100.0	100.0	-	-	-	-
FGV China Oils Ltd.# *(Note 5)*	China	Refining of palm oil	-	100.0	-	100.0	-	-	-	-
FGV Leads Sdn. Bhd.	Malaysia	Dormant	100.0	100.0	100.0	100.0	-	-	-	-
Indirect subsidiaries										
Subsidiaries of MSM Malaysia Holdings Berhad										
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of sugar product	-	-	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	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of MSM Malaysia Holdings Berhad (continued)										
MSM Trading & Distribution Sdn. Bhd.	Malaysia	Buy and sell commodity products	-	-	51.0	51.0	49.0	49.0	-	-
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#	United Arab Emirates	Sugar trading	-	-	51.0	51.0	49.0	49.0	-	-
Subsidiary of MSM Prai Berhad										
MSM Logistics Sdn. Bhd.	Malaysia	Provision of transportation services	-	-	51.0	51.00	49.0	49.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Downstream Sdn. Bhd.										
Felda Global Ventures North America Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	100.0	100.0
FGV Biotechnologies Sdn. Bhd.	Malaysia	Processing and sale of biodiesel products	-	-	100.0	100.0	-	-	-	-
FGV Cambridge Nanosystems Limited*	United Kingdom	Production, manufacturing, biodiesel marketing, selling and/or trading of high grade carbon nanotubes and graphene	-	-	70.0	70.0	30.0	30.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Downstream Sdn. Bhd. (continued)										
FGV Green Energy Sdn. Bhd.	Malaysia	Producing and manufacturing biodiesel	-	-	60.0	60.0	40.0	40.0	-	-
FGV Lipid Venture Sdn. Bhd. *(Note 3)*	Malaysia	Liquidated	-	-	-	60.0	-	40.0	-	-
Subsidiaries of Felda Global Ventures North America Sdn. Bhd.										
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	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
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	-	-	-	-
TRT Europe GambH#	Germany	Dormant	-	-	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	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiary of FGV Cambridge Nanosystems Ltd.										
GasPlas AS*	Norway	Research and experimental development on natural sciences and engineering	-	-	70.0	70.0	30.0	30.0	-	-
Subsidiaries of FGV Plantations Sdn. Bhd.										
FGV Plantations (Malaysia) Sdn. Bhd.	Malaysia	Production of FFB, and rubber cup-lump	-	-	100.0	100.0	-	-	-	-
FGV Kalimantan Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
FGV Trading Sdn. Bhd. *(Note 4)*	Malaysia	Commodity trading	-	-	100.0	100.0	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Plantations (Malaysia) Sdn. Bhd.										
Asian Plantations Limited#	Singapore	Investment holding	-	-	100.0	100.0	-	-	-	-
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.										
BJ Corporation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Incosetia Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Asian Plantations (Sarawak) Sdn. Bhd. (continued)										
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	-	-	-	-
Subsidiaries of Asian Plantations (Sarawak) II Sdn. Bhd.										
Kronos Plantation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Grand Performance Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Subsidiary of Asian Plantations Sarawak III Sdn. Bhd.										
Jubilant Paradise	Malaysia	Oil palm plantation	-	-	60.0	60.0	40.0	40.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Kalimantan Sdn. Bhd.										
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	-	-	-	-
Subsidiaries of FGV Investment (L) Pte. Ltd.										
FGV Myanmar (L) Pte. Ltd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
FGV Cambodia (L) Pte. Ltd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Cambodia (L) Pte. Ltd.										
FGV-CVC (Cambodia) Co. Ltd.#	Cambodia	Production and export of rubber blocks and other processed rubber	-	-	75.0	75.0	25.0	25.0	-	-
Subsidiaries of Pontian United Plantations Berhad										
Redefined Land Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Kilang Kelapa sawit Pontian Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Bangsan 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	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Pontian United Plantations Berhad (continued)										
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 seedings	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Pendirosa Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm and investment holding	-	-	78.3	78.3	21.7	21.7	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Pontian United Plantations Berhad (continued)										
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	-	-
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	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Sabahanya Plantations Sdn. Bhd										
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	-	-	-	-
Subsidiaries of Felda Holdings Bhd.										
FGV Palm Industries Sdn. Bhd.	Malaysia	Tolling manufacturer by processing oil palm fresh fruit bunches into crude palm oil and palm kernel and investment holding	-	-	72.0	72.0	28.0	28.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Holdings Bhd. (continued)										
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	-	-	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Holdings Bhd. (continued)										
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. (formerly known as Felda-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")	-	-	71.4	71.4	28.6	28.6	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Holdings Bhd. (continued)										
Felda Engineering Services Sdn. Bhd.	Malaysia	Engineering services including project management, sale of industrial equipment and road maintenance	-	-	51.0	51.00	49.0	49.0	-	-
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	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Holdings Bhd. (continued)										
F.W.Q. Enterprises (Pvt.) Ltd.*	Pakistan	Provision of jetty services	-	-	65.0	65.0	35.0	35.0	-	-
Felda Plantations Sdn. Bhd. (Note 1)	Malaysia	Liquidated	-	-	-	51.0	-	49.0	-	-
FGV Logistics Sdn. Bhd.	Malaysia	Provision of transportation	-	-	90.0	90.0	10.0	10.0	-	-
Subsidiaries of FGV Palm Industries Sdn. Bhd.										
FGV Refineries Sdn. Bhd.	Malaysia	Tolling services of crude palm oil and palm kernel oil	-	-	48.0	48.0	52.0	52.0	-	-
FGV Kernel Products Sdn. Bhd.	Malaysia	Processing of oil palm kernels	-	-	60.0	60.0	40.0	40.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Palm Industries Sdn. Bhd (continued)										
Delima Oil Products Sdn. Bhd.	Malaysia	Processing, packaging, and distribution of finished consumer and industrial palm oil products	-	-	72.0	72.0	28.0	28.0	-	-
FGV Marketing Services Sdn. Bhd.	Malaysia	Marketing of group 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.* *(Note 6)*	Malaysia	Under liquidation	-	-	48.0	48.0	52.0	52.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiary of FGV Marketing Services Sdn. Bhd.										
PT. Cashgrow Ventures#	Indonesia	Commodity trading	-	-	34.9	34.9	65.1	65.1	-	-
Subsidiaries of FGV Rubber Industries Sdn. Bhd.										
Feltex Co. Ltd.*	Thailand	Processing and marketing of latex concentrate	-	-	36.4	36.4	63.6	63.6	-	-
P.T. Felda Indo Rubber*	Indonesia	Processing and marketing of latex	-	-	50.0	50.0	50.0	50.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of FGV Johore Bulkers Sdn. Bhd. (formerly known as Felda-Johore Bulkers Sdn. Bhd.)										
FGV Bulkers 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	-	-
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	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiary of FGV Bulkers Sdn. Bhd.										
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	-	-
Subsidiaries of Felda Engineering Services Sdn. Bhd.										
Allied Engineering Consultancy Services Sdn. Bhd.*	Malaysia	Provision of engineering consultancy services	-	-	51.0	51.0	49.0	49.0	-	-
Felda Properties Sdn. Bhd.	Malaysia	Property development and management, project management and property management of FELDA projects	-	-	51.0	51.0	49.0	49.0	-	-

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Travel Sdn. Bhd.										
Plantation Resorts Sdn. Bhd. *(Note 6)*	Malaysia	Under liquidation	-	-	100.0	100.0	-	-	-	-
Subsidiary of FGV Research Sdn. Bhd.										
FGV Applied Technologies Sdn. Bhd.	Malaysia	Research and development of mechanisation, automation, milling, biomass, bio and oleochemicals and food technology	-	-	100.0	100.0	-	-	-	-

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.

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Liquidation, restructuring and disposal of subsidiaries during the financial year

Note 1 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.

Note 2 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 dissolvement did not have material financial impact to the Group for the financial year ended 31 December 2019.

Note 3 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 dissolvement did not have material financial impact to the Group for the financial year ended 31 December 2019.

Note 4 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 is an internal re-organisation exercise whereby FGVT has become a direct subsidiary of FGVP which in turn has 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.

Note 5 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. Refer b(i) for the effects of the disposal of FGVCO.

Note 6 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 have been appointed for both companies on the same day. The voluntary winding up of both companies is not expected to have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2019.

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Liquidation, restructuring and disposal of subsidiaries during the financial year (continued)

Note 7 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 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 subsidiary is not expected to have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2019.

(i) The effects of the disposal of FGVCO on the financial position of the Group as at the financial year end is as follows:

Net assets disposed	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

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.

(c) Liquidation and dissolvement of subsidiaries in previous financial year

(i) On 9 April 2018, the member's voluntary winding up process for Felda Rubber Products Sdn. Bhd. ("FRP"), a dormant indirect subsidiary of the Company had been completed and was deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016. As a result, the Group derecognised its interest in FRP and recorded a gain on liquidation of RM988,000 in previous financial year.

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Liquidation and dissolvement of subsidiaries in previous financial year (continued)

(ii) On 30 October 2018, the member's voluntary winding up process for Sutrajaya Shipping Sdn. Bhd. ("SSSB"), a dormant indirect subsidiary of the Company had been completed and was deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016. The capital return was received in 2016 and the impact of the dissolvement had been recorded in the same year.

(iii) On 23 November 2018, the process to strike-off the name of FGV Green Rubber Sdn. Bhd. ("FGVGR"), a dormant indirect subsidiary of the Company, from the Register of the Companies Commission of Malaysia under Section 550 of the Act was completed and FGVGR had been deemed duly dissolved under the Act. As a result, the Group derecognised its interest in FGVGR and the effect of the dissolvement was not material to the Group.

(iv) On 29 November 2018, the member's voluntary winding up process for Felda Construction Sdn. Bhd. ("FCSB") and Felda Farm Products Sdn. Bhd. ("FFPSB"), both dormant and indirect subsidiaries of the Company had been completed. Both FCSB and FFPSB had deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016. As a result, the Group derecognised its interest in FCSB and FFPSB and recorded a gain on liquidation of RM324,000 and RM600,000 respectively in previous financial year.

(d) Impairment loss on investment in subsidiaries

The Company assessed the investments in FGV Sugar Sdn. Bhd. ("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).

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 11.4%. 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 RM838,079,000 and 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 MSM Holdings.

Based on sensitivity analysis performed by the Company, the impact of 1% increase in the discount rate used, which is a key assumption, will result in additional impairment loss of approximately RM143,381,000.

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) 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.	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Assets	958,100	1,260,304	1,325,256	2,532,321
Liabilities	(657,583)	(1,047,327)	(424,192)	(1,630,309)
Total current net assets	300,517	212,977	901,064	902,012
Non-current				
Assets	2,023,084	2,389,601	1,265,398	1,367,450
Liabilities	(665,652)	(645,041)	(286,103)	(295,953)
Total non-current net assets	1,357,432	1,744,560	979,295	1,071,497
Net assets	1,657,949	1,957,537	1,880,359	1,973,509

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) 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.	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	2,006,911	2,214,377	4,616,852	7,421,520
(Loss)/profit before zakat and taxation	(304,972)	30,480	170,553	181,762
Tax and zakat credit/(expense)	11,060	(29,009)	(52,715)	(31,145)
(Loss)/profit for the financial year	(293,912)	1,471	117,838	150,617
Other comprehensive (loss)/income	(5,674)	745	1,867	(1,736)
Total comprehensive (loss)/income	(299,586)	2,216	119,705	148,881
(Loss)/profit attributable to non-controlling interest	(144,017)	721	32,995	42,173
Total comprehensive (loss)/income attributable to non-controlling interest	(146,798)	1,086	36,133	49,270
Accumulated non-controlling interest	812,395	959,193	526,500	552,583
Dividends paid to non-controlling interest	-	-	62,216	22,624

In previous financial year, the Group's loss attributable to non-controlling interest mainly relates to impairment of property, plant and equipment in a subsidiary of the Group, FGV Green Energy Sdn. Bhd. amounting to RM41,549,000.

24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) 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.	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flow generated from operations	268,982	299,623	1,083,474	201,215
Retirement benefits paid	-	-	(4,482)	(1,459)
Zakat paid	(14)	(1,500)	-	(1,612)
Income tax refund/(paid)	6,579	(12,108)	(14,183)	-
Net cash generated from operating activities	275,547	286,015	1,064,809	198,144
Net cash used in investing activities	(13,243)	(326,221)	(19,696)	(670,725)
Net cash (used in)/generated from financing activities	(207,525)	(16,771)	(1,092,200)	644,421
Net increase/(decrease) in cash and cash equivalents	54,779	(56,977)	(47,087)	171,840
Effect of foreign exchange rate changes	(38)	410	-	-
Cash and cash equivalents at beginning of financial year	98,220	154,787	255,489	83,649
Cash and cash equivalents at end of financial year	152,961	98,220	208,402	255,489

25 INTERESTS IN ASSOCIATES

	Group	
	2019 RM'000	2018 RM'000
Share of net assets of associates	39,757	101,082

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

	Group	
	2019 RM'000	2018 RM'000
Associates' revenue	229,749	459,704
Group's share of results for the financial year	(1,625)	(11,721)

25 INTERESTS IN ASSOCIATES (CONTINUED)

Set out below are details of the associates of the Group as at 31 December 2019. 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 2019 %	Group's effective interest 2018 %	Nature of business
Indirect associates				
Associates of FHB				
Nilai Education Sdn. Bhd. *(Note a)*	Malaysia	30.0	30.0	(i)
FKW Global Commodities (PVT) Limited	Malaysia	30.0	30.0	(ii)
Paragon Yield Sdn. Bhd. *(Note b)*	Malaysia	-	30.0	(iii)
Associate of PUP				
Malacca Plantation Sdn. Bhd.	Malaysia	34.33	34.33	(iv)

(i) Management of an educational institute
(ii) Commodity trading
(iii) Investment holding
(iv) Investment holding and cultivation of oil palm

Note (a) During the 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 RM26,903,000 has 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).

Note (b) During the 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.

Note (c) In previous financial year, Taiko Clay Chemicals Sdn. Bhd. was disposed for a total consideration of RM145,000,000, resulting in a loss on disposal amounting to RM18,494,000.

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.

25 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates

Set out below are the summarised financial information for Taiko Clay Chemicals Sdn. Bhd. ("Taiko") and the aggregate of other associates ("insignificant in aggregate") which are accounted for using the equity method:

Summarised statements of financial position

	Taiko		Insignificant in aggregate		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current						
Cash and cash equivalents	-	-	1,109	32,271	1,109	32,271
Other current assets (excluding cash)	-	-	29,745	92,221	29,745	92,221
Total current assets	-	-	30,854	124,492	30,854	124,492
Financial liabilities (excluding trade payables)	-	-	(1,901)	(11,445)	(1,901)	(11,445)
Other current liabilities (including trade payables)	-	-	(4,887)	(40,717)	(4,887)	(40,717)
Total current liabilities	-	-	(6,788)	(52,162)	(6,788)	(52,162)
Non-current						
Assets	-	-	93,685	261,957	93,685	261,957
Financial liabilities	-	-	-	(12,178)	-	(12,178)
Total non-current liabilities	-	-	-	(12,178)	-	(12,178)
Net assets	-	-	117,751	322,109	117,751	322,109

25 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

Summarised statements of comprehensive income

	Taiko		Insignificant in aggregate		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	-	300,400	229,749	159,304	229,749	459,704
Loss from continuing operations	-	(6,142)	(2,739)	(35,620)	(2,739)	(41,762)
Tax and zakat (expense)/income	-	(16,841)	(3,585)	23	(3,585)	(16,818)
Post-tax loss from continuing operations	-	(22,983)	(6,324)	(35,597)	(6,324)	(58,580)
Other comprehensive loss	-	-	(3,522)	-	(3,522)	-
Total comprehensive loss	-	(22,983)	(9,846)	(35,597)	(9,846)	(58,580)
Dividends received from associates	-	-	1,167	824	1,167	824

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

Reconciliation of summarised financial information

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

	Taiko		Insignificant in aggregate		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Opening net assets	-	567,962	322,109	360,130	322,109	928,092
Loss for the financial year	-	(22,983)	(6,324)	(35,597)	(6,324)	(58,580)
Dividend	-	-	(3,456)	(2,424)	(3,456)	(2,424)
Other comprehensive loss	-	-	(3,522)	-	(3,522)	-
Disposal	-	(544,979)	(101,378)	-	(101,378)	(544,979)
Transfer to assets held for sale	-	-	(89,678)	-	(89,678)	-
Closing net assets	-	-	117,751	322,109	117,751	322,109
Interest in associates	-	-	30%-34%	7%-34%	30%-34%	7%-34%
Carrying value	-	-	39,757	101,082	39,757	101,082
Unrecognised share of loss	-	-	-	-	-	-

26 INTERESTS IN JOINT VENTURES

	Group	
	2019 RM'000	2018 RM'000
Share of net assets of joint ventures	448,414	499,525
Accumulated impairment losses	(11,350)	(11,350)
	437,064	488,175

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

	2019 RM'000	2018 RM'000
Joint ventures' revenue	5,103,365	5,562,097
Group's share of results for the financial year	14,858	(29,324)
Share of capital commitments of joint ventures	11,197	4,446

In previous financial year, the Group fully impaired its investment in MyBiomass Sdn. Bhd. amounting to RM1,350,000.

26 INTERESTS IN JOINT VENTURES (CONTINUED)

Set out belows are details of the joint ventures of the Group as at 31 December 2019. 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 2019 %	Group's effective interest 2018 %	Nature of business
Indirect joint ventures				
Joint venture of FGVD				
FGV Iffco Sdn. Bhd. (formerly known as Felda Iffco Sdn. Bhd.)	Malaysia	50.0	50.0	(i)
Joint venture of FGVK				
Trurich Resources Sdn. Bhd.	Malaysia	50.0	50.0	(ii)
Joint ventures of FHB				
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) *(Note a)*	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)
ProXcel Sdn. Bhd.# *(Note b)*	Malaysia	-	43.0	(viii)
MyBiomass Sdn. Bhd.#	Malaysia	23.1	23.1	(ix)
FGV Pho La Min Co. Ltd.# *(Note c)*	Myanmar	-	51.0	(x)
Indirect joint operation				
Kuala Muda Estate Joint Venture	Malaysia	50.0	50.0	(xi)

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) Under liquidation
(ix) Dormant
(x) Technical advisory services in agriculture sector
(xi) 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.

Note (a) On 5 September 2019, Felda Holdings Bhd. ("FHB"), a wholly-owned subsidiary of the Company, increased the shareholder's contribution amounting to 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.

Note (b) On 21 November 2019, 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 dissolvement was not material to the Group.

Note (c) On 3 January 2019, 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 ending 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.

26 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"), Trurich Resources Sdn. Bhd. ("Trurich") and 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		Trurich		FPG		Insignificant in aggregate		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current										
Cash and cash equivalents	103,615	200,761	5,329	41,420	277,640	266,195	11,902	49,008	398,486	557,384
Other current assets (excluding cash)	683,625	710,678	216,725	133,666	223,203	199,218	236,675	209,406	1,360,228	1,252,968
Total current assets	787,240	911,439	222,054	175,086	500,843	465,413	248,577	258,414	1,758,714	1,810,352
Financial liabilities (excluding trade payables)	(449,592)	(449,527)	(40,930)	(43,502)	-	-	(50,573)	(2,966)	(541,095)	(495,995)
Other current liabilities (including trade payables)	(415,474)	(582,555)	(223,291)	(190,875)	(127,445)	(90,198)	(110,985)	(131,606)	(877,195)	(995,234)
Total current liabilities	(865,066)	(1,032,082)	(264,221)	(234,377)	(127,445)	(90,198)	(161,558)	(134,572)	(1,418,290)	(1,491,229
Non-current										
Assets	242,717	275,233	1,050,617	1,170,842	246,814	231,339	51,146	51,062	1,591,294	1,728,476
Financial liabilities	(19,296)	(25,680)	(1,008,450)	(982,199)	(36,688)	(20,653)	(1,061)	(1,036)	(1,065,495)	(1,029,568)
Total non-current liabilities	(19,296)	(25,680)	(1,008,450)	(982,199)	(36,688)	(20,653)	(1,061)	(1,036)	(1,065,495)	(1,029,568)
Net assets	145,595	128,910	-	129,352	583,524	585,901	137,104	173,868	866,223	1,018,031

26 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures (continued)

Summarised statements of comprehensive income

	FISB		Trurich		FPG		Insignificant in aggregate		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	3,490,776	3,700,768	43,829	168,539	1,111,179	1,456,987	457,581	235,803	5,103,365	5,562,097
Depreciation and amortisation	(31,401)	(30,378)	-	-	(13,549)	(11,161)	-	(1,135)	(44,950)	(42,674)
Interest income	-	-	-	-	-	-	-	570	-	570
Interest expense	(22,810)	(27,515)	(54,678)	(52,312)	(599)	(11)	-	(5,768)	(78,087)	(85,606)
Profit/(loss) before taxation	50,417	45,600	(105,005)	(143,637)	88,928	68,686	22,219	9,694	56,559	(19,657)
Tax expense	(17,691)	(17,443)	(7,707)	(1,154)	(21,305)	(20,384)	-	-	(46,703)	(38,981)
Profit/(loss) for the financial year	32,726	28,157	(112,712)	(144,791)	67,623	48,302	22,219	9,694	9,856	(58,638)
Other comprehensive loss	(6,041)	(25,912)	(16,640)	(231)	-	-	(73,321)	459	(96,002)	(25,684)
Total comprehensive income/(loss)	26,685	2,245	(129,352)	(145,022)	67,623	48,302	(51,102)	10,153	(86,146)	(84,322)
Dividends received from joint ventures	5,000	6,929	-	-	35,000	35,000	2,895	-	42,895	41,929

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

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		Trurich		FPG		Insignificant in aggregate		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Opening net assets	128,910	140,524	129,352	274,374	585,901	607,599	173,868	163,715	1,018,031	1,186,212
Profit/(loss) for the financial year	32,726	28,157	(112,712)	(144,791)	67,623	48,302	22,219	9,694	9,856	(58,638)
Dividend	(10,000)	(13,859)	-	-	(70,000)	(70,000)	(7,610)	-	(87,610)	(83,859)
Other comprehensive (loss)/gain	(6,041)	(25,912)	(16,640)	(231)	-	-	(73,321)	459	(96,002)	(25,684)
Acquisition	-	-	-	-	-	-	21,948	-	21,948	-
Closing net assets	145,595	128,910	-	129,352	583,524	585,901	137,104	173,868	866,223	1,018,031
Interest in joint ventures	50%	50%	50%	50%	50%	50%	23%-50%	23%-51%	-	-
Carrying value	72,798	64,455	-	64,676	291,762	292,951	72,504	66,093	437,064	488,175
Unrecognised share of loss	-	-	(22,924)	-	-	-	(1,243)	(8,290)	(24,167)	(8,290)

27 RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets				
Deposits	6,406	6,406	-	-
Prepayment (Note i)	86,736	76,211	-	-
	93,142	82,617	-	-
Loss allowance:				
Deposits	(6,406)	(6,406)	-	-
	86,736	76,211	-	-
Current assets				
Trade receivables (Note ii)	1,152,909	1,047,593	-	-
Other receivables (Note iii)	138,725	144,714	5,502	5,891
Prepayments	55,243	47,635	279	339
Deposits (Note iv)	66,742	80,641	10,972	11,076
Goods and services tax ("GST") receivable	6,382	116,832	-	-
	1,420,001	1,437,415	16,753	17,306
Loss allowance:				
Trade receivables	(190,973)	(185,912)	-	-
Other receivables	(13,140)	(12,943)	-	-
Deposits	(2,671)	(2,699)	-	-
	1,213,217	1,235,861	16,753	17,306
Total	1,299,953	1,312,072	16,753	17,306

(Note i) Included in non-current prepayments is a security deposit amounting to RM62,120,000 (2018: RM62,120,000) paid to a significant shareholder 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 and lease receivables which represent outstanding net present value of receipts under leasing arrangements amounting to RM14,484,000 (2018: RM6,775,000).

(Note ii) Included in trade receivables are cooking oil subsidy receivable from Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan of RM6,786,000 (2018: RM2,253,000).

(Note iiii) Included in other receivables of the Group are deposit for CPO and sugar futures trading facilities amounting to RM58,363,000 (2018: RM31,421,000).

(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 RM46,246,000 (2018: RM57,359,000) and deposits in relation to insurance facilities of the Group and of the Company amounting to RM8,000,000 (2018: RM5,868,000).

27 RECEIVABLES (CONTINUED)

The receivables are denominated as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- Ringgit Malaysia	707,882	909,195	11,785	17,306
- United States Dollar	573,332	365,264	-	-
- Indonesian Rupiah	8,644	8,777	-	-
- Chinese Yuen Renminbi	4,968	22,380	4,968	-
- Thai Baht	4,036	3,036	-	-
- Pakistan Rupee	951	377	-	-
- Singapore Dollars	140	495	-	-
- Great Britain Pound	-	953	-	-
- Others	-	1,595	-	-
	1,299,953	1,312,072	16,753	17,306

The credit terms of trade receivables are up to 90 days (2018: 90 days).

(a) Reconciliation of loss allowance

(i) Trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2019 reconciles to the opening loss allowance balance as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
Opening loss allowance as at 1 January 2018	11,580	112,882	124,462
Increase in loss allowance (net)	3,361	63,710	67,071
Write-offs	-	(2,092)	(2,092)
Recoveries	(319)	(2,152)	(2,471)
Foreign exchange movements	-	(1,058)	(1,058)
Loss allowance as at 31 December 2018	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)
Closing loss allowance as at 31 December 2019	15,355	175,618	190,973

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
31 December 2019					
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)
Carrying amount (net of loss allowance)	496,378	390,606	39,838	35,114	961,936
31 December 2018					
Gross carrying amount	803,131	35,981	3,056	205,425	1,047,593
Individual impairment - credit impaired	-	-	-	(171,290)	(171,290)
	803,131	35,981	3,056	34,135	876,303
Expected credit loss rate	0.1%	2.2%	12.6%	36.0%	
Collective impairment	(1,122)	(799)	(384)	(12,317)	(14,622)
Carrying amount (net of loss allowance)	802,009	35,182	2,672	21,818	861,681

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

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

The loss allowance for other receivables and deposits as at 31 December 2018 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
Opening loss allowance as at 1 January 2018	-	-	19,305	19,305
Increase in loss allowance (net)	-	-	2,743	2,743
Loss allowance as at 31 December 2018	-	-	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)
Closing loss allowance as at 31 December 2019	-	1,318	20,899	22,217

27 RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

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

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
31 December 2019				
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
31 December 2018				
Gross carrying amount	209,713	-	22,048	231,761
Loss allowance	-	-	(22,048)	(22,048)
Carrying amount (net of loss allowance)	209,713	-	-	209,713

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	
	2019 RM'000	2018 RM'000
Contract assets		
At 1 January	33,733	13,091
Performance obligations performed	22,471	72,826
Transfer from contract assets to receivables	(27,787)	(52,184)
At 31 December	28,417	33,733

There is no allowance recognised for contract assets as at 31 December 2019 (2018: Nil).

29 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets				
Amounts due from:				
Joint venture	139,116	111,359	-	-
Significant shareholder	85,000	195,566	-	-
Subsidiaries	-	-	634,340	-
Other related companies	12,276	156,832	-	-
	236,392	463,757	634,340	-
Provision for impairment:				
Joint venture	(138,099)	(48,430)	-	-
Significant shareholder	(32,724)	(60,584)	-	-
Other related companies	(58)	(30,498)	-	-
	65,511	324,245	634,340	-
Current assets				
Amounts due from:				
Significant shareholder	70,375	27,610	2,328	2,328
Subsidiaries	-	-	452,562	730,410
Joint ventures	148,011	326,389	-	-
Other related companies	76,618	50,206	1,949	1,924
	295,004	404,205	456,839	734,662
Provision for impairment:				
Significant shareholder	-	-	(2,308)	(2,308)
Subsidiaries	-	-	(12,434)	(8,188)
Other related companies	-	-	(1,725)	(1,725)
	-	-	(16,467)	(12,221)
	295,004	404,205	440,372	722,441
	360,515	728,450	1,074,712	722,441
Current liabilities				
Amounts due to:				
Significant shareholder	(216,558)	(187,582)	(1,128)	(1,441)
Subsidiaries	-	-	(23,476)	(30,672)
Associate	(485)	(210)	-	-
Joint ventures	-	(249)	-	-
Other related companies	(1,604)	(2,559)	(561)	(171)
	(218,647)	(190,600)	(25,165)	(32,284)

29 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(a) The amounts due from/(to) a significant shareholder, joint ventures, an associate and other related companies are unsecured, free of financial charges and have credit terms ranging from 15 to 120 days (2018: 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 (2018: 30 to 180 days).

(b) The amounts due from/(to) a significant shareholder, subsidiaries, joint ventures, an associate and other related companies are denominated as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amount due from a significant shareholder				
Ringgit Malaysia	122,651	162,592	20	20
Amounts due from subsidiaries				
Ringgit Malaysia	-	-	1,074,468	722,222
Amounts due from joint ventures				
Ringgit Malaysia	129,260	354,656	-	-
United States Dollar	19,768	34,662	-	-
	149,028	389,318	-	-
Amounts due from other related companies				
Ringgit Malaysia	88,836	176,540	224	199
Total	360,515	728,450	1,074,712	722,441
Amount due to a significant shareholder				
Ringgit Malaysia	(216,558)	(187,582)	(1,128)	(1,441)
Amounts due to subsidiaries				
Ringgit Malaysia	-	-	(23,476)	(30,672)
Amount due to joint ventures				
Ringgit Malaysia	-	(249)	-	-
Amount due to an associate				
Ringgit Malaysia	(485)	(210)	-	-
Amounts due to other related companies				
Ringgit Malaysia	(1,604)	(2,541)	(561)	(171)
United States Dollar	-	(18)	-	-
	(1,604)	(2,559)	(561)	(171)
Total	(218,647)	(190,600)	(25,165)	(32,284)

29 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Amounts due from subsidiaries

	Company	
	2019 RM'000	2018 RM'000
At 1 January	722,222	774,524
Net movement during the financial year	364,610	(36,973)
Loss allowance during the financial year	(4,246)	(7,504)
Conversion into ordinary shares# (Note 24)	(8,118)	(7,825)
At 31 December	1,074,468	722,222
Analysed as:		
Non-current	634,340	-
Current	440,128	722,222
	1,074,468	722,222

Financial year ended 31.12.2019

On 13 December 2019, the Company subscribed for 1,952,128 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 USD1,952,128, equivalent to RM8,118,000.

Financial year ended 31.12.2018

On 26 September 2018, the Company subscribed for 1,889,706 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 USD1,889,706, equivalent to RM7,825,000.

29 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, 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 2019 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
Opening loss allowance as at 1 January 2018	-	-	684	684
Increase in loss allowance (net)	-	-	7,504	7,504
Loss allowance as at 31 December 2018	-	-	8,188	8,188
Increase in loss allowance (net)	-	-	4,246	4,246
Closing loss allowance as at 31 December 2019	-	-	12,434	12,434

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
31 December 2019				
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
31 December 2018				
Gross carrying amount	722,222	-	8,188	730,410
Loss allowance	-	-	(8,188)	(8,188)
Carrying amount (net of loss allowance)	722,222	-	-	722,222

29 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

Trade amounts due from joint ventures, a significant shareholder and other related companies using simplified approach

The loss allowance for trade amounts due from joint ventures, a significant shareholder and other related companies as at 31 December 2019 reconciles to the opening loss allowance balance as follows:

	Group		
	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
Opening loss allowance as at 1 January 2018	26,824	3,902	30,726
Increase in loss allowance (net)	52,037	8,319	60,356
Loss allowance as at 31 December 2018	78,861	12,221	91,082
(Decrease)/increase in loss allowance	(68,790)	10,490	(58,300)
Closing loss allowance as at 31 December 2019	10,071	22,711	32,782

The following table contains an analysis of the credit exposure trade amounts due from joint ventures, a significant shareholder 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
31 December 2019			
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

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
31 December 2018			
Gross carrying amount	723,953	48,579	772,532
Individual assessment	(78,861)	(12,221)	(91,082)
Carrying amount (net of loss allowance)	645,092	36,358	681,450

The decrease in the loss allowance for the financial year relates to decrease of ECL from amount due from a significant shareholder and other related companies due to settlement of the long outstanding amounts during the financial year.

29 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, 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 2019 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
Opening loss allowance as at 1 January 2018	-	-	27,740	27,740
Increase in loss allowance (net)	-	-	20,690	20,690
Loss allowance as at 31 December 2018	-	-	48,430	48,430
Increase in loss allowance (net)	-	-	89,669	89,669
Closing loss allowance as at 31 December 2019	-	-	138,099	138,099

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
31 December 2019			
Gross carrying amount	-	139,116	139,116
Individual assessment	-	(138,099)	(138,099)
Carrying amount (net of loss allowance)	-	1,017	1,017

	Performing RM'000	Non-performing RM'000	Total RM'000
31 December 2018			
Gross carrying amount	47,000	48,430	95,430
Individual assessment	-	(48,430)	(48,430)
Carrying amount (net of loss allowance)	47,000	-	47,000

30 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group					
	2019			2018		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Non-current						
Islamic profit rate swap	426,667	-	5,166	479,167	561	-
Current						
Foreign currency forward contracts	525,576	18,388	11	116,912	3,706	630
Oil palm futures contracts	219,240	-	29,255	97,460	-	6,915
	744,816	18,388	29,266	214,372	3,706	7,545
	1,171,483	18,388	34,432	693,539	4,267	7,545

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:

	2019	2018
Foreign currency forward contracts	USD124,227,695	USD16,130,446
Palm oil futures contracts	84,700 MT	59,100 MT

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

	Group	
	2019 RM'000	2018 RM'000
At 1 January	86,224	91,302
Additions	8,034	13,593
Fair value changes	13,176	(18,671)
At 31 December	107,434	86,224
Analysed as:		
Non-current	107,434	86,224

The financial assets at fair value through other comprehensive income comprise the following:

	2019 RM'000	2018 RM'000
Quoted equity securities:		
- In Malaysia	3,748	3,590
Unquoted equity securities:		
- In Malaysia	103,686	82,634
	107,434	86,224

The Group has irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. 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 fair value through other comprehensive income are denominated in the following currencies:

	2019 RM'000	2018 RM'000
- Ringgit Malaysia	107,434	86,224

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	
	2019 RM'000	2018 RM'000
At 1 January	70,201	71,431
Repayment	(22,510)	-
Provision for impairment	(47,171)	(2,300)
Currency translation differences	(520)	1,070
At 31 December	-	70,201

The loans are denominated as follows:

	2019 RM'000	2018 RM'000
- Ringgit Malaysia	-	22,510
- United States Dollar	-	47,691
	-	70,201

Loans due from joint ventures are unsecured and have financing terms of 180 days with interest rate of 6.02% per annum (2018: 180 days with interest rate of 6.02% per annum).

(a) Reconciliation of loss allowance

Loans due from joint ventures using general 3 stage approach

The loss allowance for loan due from joint ventures as at 31 December 2019 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Increase in loss allowance	-	2,300	-	2,300
At 31 December 2018	-	2,300	-	2,300
Transfer to non-performing	-	(2,300)	2,300	-
Increase in loss allowance	-	-	47,171	47,171
Closing loss allowance as at 31 December 2019	-	-	49,171	49,471

32 LOANS DUE FROM JOINT VENTURES (CONTINUED)

The significant increase in the loss allowance for the financial year is due to continuing losses and operational issues in a joint venture which is expected to further impact its abilities to settle the loan due to the Group on a timely manner.

The carrying amount and fair value of the loans due from joint ventures are as follows:

	Group			
	Carrying amount		Fair value	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans due from joint ventures	-	70,201	-	70,222

The fair value of loans due from joint ventures is based on cash flows discounted using a rate based on the borrowing rate of Nil (2018: 6.02%). The fair value of the loans due from joint ventures is a Level 2 computation.

33 INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
- Finished goods	743,543	1,002,549
- Raw materials	396,408	747,391
- Work in progress	29,830	32,302
- Chemicals	51,826	33,044
- Stores, consumables and replaceable products	91,430	247,949
	1,313,037	2,063,235

34 BIOLOGICAL ASSETS

Group

Net book value

	Oil Palm	
	2019 RM'000	2018 RM'000
At 1 January	42,446	54,338
Transfer to inventory	(42,446)	(54,338)
Fair value changes	45,764	42,446
Foreign exchange movement	2	-
At 31 December	45,766	42,446

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 2019, the Group harvested approximately 4,447,188 metric tonnes ("MT") of FFB (2018: 4,210,173 MT). The quantity of unharvested FFB of the Group as at 31 December 2019 included in the fair valuation of FFB was 106,791 MT (2018: 161,716 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 RM6.03 million (2018: RM6.31 million).

35 LOANS DUE FROM SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
At 1 January	6,999	3,664
Additions	305,249	249,464
Repayment	(248,586)	(246,129)
Provision for impairment	(1,062)	-
At 31 December	62,600	6,999
The loans are denominated as follows:		
- Ringgit Malaysia	62,600	5,937
- Great Britain Pound	-	1,062
	62,600	6,999

Financing terms of short term loans due from subsidiaries are between 30 to 365 days (2018: 30 to 365 days) with interest ranging from 0.43% to 3.60% (2018: 0.38% to 3.64% per annum).

(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 2019 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
At 1 January 2019	62,600	-	1,062	63,662
Increase in loss allowance	-	-	(1,062)	(1,062)
Closing loss allowance as at 31 December 2019	62,600	-	-	62,600

36 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	46,055	122,305
Additions	23,781	41,152
Disposals	(8,731)	(113,823)
Fair value gains credited to profit or loss (Note 11)	4,715	1,380
Currency translation differences	(6,880)	(4,959)
As at 31 December	58,940	46,055
Quoted investments:		
In Malaysia	3,999	3,766
Outside Malaysia	54,941	42,289
	58,940	46,055

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

	2019 RM'000	**2018 RM'000**
- Ringgit Malaysia	3,999	3,766
- Australian Dollar	8,298	3,732
- Pakistan Rupee	46,643	35,204
- Chinese Yuen Renminbi	-	3,353
	58,940	46,055

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits in:				
- Licensed banks	1,093,322	558,944	724	534
- Licensed financial institutions	186,341	28,470	65	-
	1,279,663	587,414	789	534
Cash and bank balances	337,959	632,937	8,398	12,143
Deposits, cash and bank balances	1,617,622	1,220,351	9,187	12,677
Less: Restricted cash	(49,175)	(124,344)	-	-
Cash and cash equivalents	1,568,447	1,096,007	9,187	12,677

Restricted cash of RM49,175,000 (2018: RM124,344,000) relates to cash pledged in order to obtain certain bank facilities.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	1,389,114	1,066,138	7,212	9,594
United States Dollar	198,815	125,439	127	-
Canadian Dollar	1,496	3,023	1,496	3,023
Indonesian Rupiah	11,010	7,925	-	-
Pakistan Rupees	3,484	10,646	-	-
Great Britain Pound	7,747	237	352	60
Others	5,956	6,943	-	-
	1,617,622	1,220,351	9,187	12,677

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	
	2019 %	2018 %	2019 %	2018 %
- Licensed banks	2.52	2.73	2.93	0.89
- Licensed financial institutions	3.50	2.79	3.45	3.41

Fixed deposits as at 31 December 2019 for the Group and for the Company have average maturity periods of 71 days (2018: 59 days) and 30 days (2018: 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	
	2019 RM'000	**2018 RM'000**
Assets		
Property, plant and equipment *(Note1)*	80,794	1,073
Right-of-use assets *(Note1)*	82,083	-
Intangible assets	1,547	2,027
Interests in an associate *(Note 2)*	26,903	-
Receivables	445	842
Deposits, cash and bank balances	727	887
Assets held for sale	192,499	4,829
Liabilities		
Payables	616	985
Liabilities related to assets held for sale	616	985

Note 1

During the financial year, the Board of Director 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., an indirect subsidiary of the Company, for a total proceed of RM156,000,000, which is expected to be completed in 2020.

Note 2

The Board of Director of the Company had approved a proposed divestment of the 30% equity interest in Nilai Education Sdn. Bhd., an associate of the Group which is expected to be completed in 2020.

39 SHARE CAPITAL

	Group and Company			
	2019 Number of shares '000	2018 Number of shares '000	2019 RM'000	2018 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.

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 2,317,600 (2018: 3,115,900) 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 RM1.28 (2018: RM1.62 per share). The total consideration paid was RM3,186,000 (2018: RM4,920,000) including transaction costs of RM10,634 (2018: RM33,702). 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, 2,653,100 (2018: 3,452,600) of its treasury shares of RM3,589,000 (2018: RM5,699,000) vested to the employees and employees of the subsidiaries within the Group as part of equity settled share based compensation plan (Note 55).

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.

43 OTHER RESERVES

Group	Other comprehensive income reserve RM'000	LTIP reserve RM'000	Cash flow hedge reserve RM'000	Total RM'000
2019				
At 1 January 2019	(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 2019	(18,148)	-	(2,534)	(20,682)
2018				
At 1 January 2018	(12,811)	416	366	(12,029)
Fair value changes	(18,477)	-	-	(18,477)
Cash flow hedges	-	-	(81)	(81)
Employee share grant	-	5,283	-	5,283
Transfer from treasury shares	-	(5,699)	-	(5,699)
At 31 December 2018	(31,288)	-	285	(31,003)

43 OTHER RESERVES (CONTINUED)

Company	LTIP reserve RM'000
2019	
At 1 January 2019	-
Employee share grant	668
Recharge to subsidiaries	2,921
Transfer from treasury shares	(3,589)
At 31 December 2019	-
2018	
At 1 January 2018	416
Employee share grant	1,519
Recharge to subsidiaries	3,764
Transfer from treasury shares	(5,699)
At 31 December 2018	-

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 55 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Secured:				
Short term trade financing	33,522	31,569	-	-
Islamic term loans	107,839	212,254	-	-
Term loans	71,909	175	-	-
Unsecured:				
Islamic short term trade financing	2,775,418	2,587,372	75,080	84,880
Short term trade financing	265,816	419,972	-	-
Islamic term loans	-	1,263	-	-
	3,254,504	3,252,605	75,080	84,880
Non-current				
Secured:				
Islamic term loans	766,054	985,182	-	-
Term loans	-	409	-	-
Unsecured:				
Islamic term loans	-	5,915	-	-
	766,054	991,506	-	-
Total borrowings	4,020,558	4,244,111	75,080	84,880

44 BORROWINGS (CONTINUED)

The maturity profile of borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total borrowings				
Islamic short term trade financing	2,775,418	2,587,372	75,080	84,880
Short term trade financing	299,338	451,541	-	-
Islamic term loans	873,893	1,204,614	-	-
Term loans	71,909	584	-	-
	4,020,558	4,244,111	75,080	84,880
Less: Repayable after more than one year	(766,054)	(991,506)	-	-
	3,254,504	3,252,605	75,080	84,880

The maturity profile of borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Less than 1 year	3,254,504	3,252,605	75,080	84,880
Between 1 and 5 years	766,054	991,506	-	-
More than 5 years	-	-	-	-
	4,020,558	4,244,111	75,080	84,880

The borrowings are denominated as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- Ringgit Malaysia	3,643,625	3,690,210	75,080	84,880
- United States Dollar	302,088	486,179	-	-
- Great Britain Pound	63,647	61,029	-	-
- Thai Baht	8,097	3,598	-	-
- Singapore Dollar	3,101	3,095	-	-
	4,020,558	4,244,111	75,080	84,880

44 BORROWINGS (CONTINUED)

Effective finance rates for 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 %
2019				
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	-	-
2018				
Islamic short term trade financing	Fixed/Floating	1.14 – 4.70	Fixed	4.11 – 4.21
Short term trade financing	Fixed	2.70 – 6.87	-	-
Islamic term loans	Floating	4.48 – 6.00	-	-
Term loans	Floating	3.79 – 4.37	-	-

The secured term loans consists of the followings:

(i) RM Nil (2018: RM584,000) term loans repayable over periods ranging between six to seven years commencing from 2016 to 2017 up to 2019 to 2022 and is secured over certain leasehold lands of the Group.

(ii) RM873,893,000 (2018: RM1,197,436,000) Islamic term loans is secured against a leasehold land, debenture and certain bank balances of the Group.

(iii) RM71,909,000 (2018: RM Nil) 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 followings:

(i) RM33,522,000 (2018: RM31,569,000) 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.

44 BORROWINGS (CONTINUED)

MSMH Islamic term loans

During the financial year ended 31 December 2017, MSMH was not in compliance with certain financial covenants for its Islamic term loans amounting to RM406.5 million. However, MSMH had received a letter of indulgence dated 3 November 2017 from the lender allowing the requirement to comply with the financial covenants to be deferred until 31 December 2018. The financial covenants were required to be met for the 12 month period ended 31 December 2019, with the first compliance date as 30 June 2019 and all times thereafter but subject to the following conditions:

(a) No dividend declaration and/or payment by MSMH without prior written consent from the financier until the financial covenants are complied with;
(b) Letter of undertaking from the Group to MSMH to complete the construction of the new sugar refinery in Johor by second quarter of 2018; and
(c) MSMH's ability to perform all obligations under and comply with all terms and conditions governing the facilities.

As at 31 December 2018, the waiver of the financial covenants continued to be effective as MSMH met all the above conditions as stipulated in the letter of indulgence. Accordingly, the Islamic term loan of RM683.2 million had been classified based on its contractual payment dates as at 31 December 2018.

On 19 March 2019, MSMH had received a letter of indulgence from the lender allowing the requirement to comply with the financial covenants to be further extended until 31 December 2019 subject to the following conditions:

(a) No dividend declaration and/or payment by MSMH without prior written consent from the lender until such financial covenants are complied with; and
(b) Amendments to payment terms of the loan and other relevant terms and conditions in the loan agreement must be in place and effective by the next payment due on 27 May 2019.

On 2 May 2019, MSMH had successfully negotiated the amendments to the payment terms and financial covenants with the lender and had agreed revisions to the terms of agreement which include:

(a) Longer tenure of loan from 8 to 12 years;
(b) Increase in effective profit rate from 3 months KLIBOR plus 1.3% per annum to 1 month KLIBOR plus 2.5% per annum; and
(c) Revision to the financial covenants.

According to the revised terms, the financial covenants shall be computed based on the Group's consolidated annual audited financial statement for the financial year ending 31 December 2020 onwards. Accordingly, the Islamic term loan of RM631.7 million was classified based on its contractual payment dates as at 31 December 2019. MSMH believes it will be able to meet the required financial covenants based on the projected cash flows as at 31 December 2020.

The revision of the terms resulted in a loan modification charge of RM25,559,000 and loan arrangement fee of RM3,270,000 incurred by MSMH.

MSMH is also assessing various possibilities to negotiate the terms of the Islamic term loan with its lenders following the announcement by the Government of Malaysia on the moratorium repayment period in view of the COVID-19 pandemic, if necessary.

MSMH term loan

As at 31 December 2019, MSMH's term loan of RM71.9 million is secured against an assignment of proceeds from leasehold agriculture land disposal as disclosed in Note 60(xii) to the financial statements and the Assignment and Charge of the Designated Accounts. As indicated in Note 61(iii) to the financial statements, on 9 April 2020, MSMH had issued a letter to F&N Agrivalley Sdn. Bhd. to exercise its rights to rescind the sale and purchase agreement in respect of the disposal of its leasehold agricultural land located at Chuping, Perlis entered on 8 October 2019. Despite the cancellation of the sale and purchase agreement, MSMH continues to believe that it will be able to settle its term loan based on its contractual due dates.

45 LEASE LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
At 1 January, as previously stated	-	-
Effects of adoption of MFRS 16 (Note 62)	294,080	268,689
As restated	294,080	268,689
Additions	31,513	93,388
Interest accretion	15,623	13,168
Repayments	(39,121)	(47,141)
Termination of lease contracts	(1,300)	(34,024)
At 31 December	300,795	294,080

	Group		
	31.12.2019 RM'000	31.12.2018 RM'000	1.1.2018 RM'000
Non-current	258,957	251,332	228,405
Current	41,838	42,748	40,284
	300,795	294,080	268,689

	Company	
	2019 RM'000	2018 RM'000
At 1 January, as previously stated	-	-
Effects of adoption of MFRS 16 (Note 62)	38,633	14,791
As restated	38,633	14,791
Additions	-	39,251
Interest accretion	1,819	1,257
Repayments	(5,025)	(6,567)
Termination of lease contracts	-	(10,099)
At 31 December	35,427	38,633

45 LEASE LIABILITIES (CONTINUED)

	Company		
	31.12.2019 RM'000	31.12.2018 RM'000	1.1.2018 RM'000
Non-current	32,064	30,500	10,099
Current	3,363	8,133	4,692
	35,427	38,633	14,791

46 LOANS DUE TO A SIGNIFICANT SHAREHOLDER

	Group and Company	
	2019 RM'000	2018 RM'000
Unsecured:		
- Non-current	883,176	1,074,045
- Current	3,322	85,058
	886,498	1,159,103

Early settlements of loans due to a significant shareholder totalling RM272 milion were made during the financial year (2018: RM130 million).

The loans are denominated as follows:

	Group and Company	
	2019 RM'000	2018 RM'000
- Ringgit Malaysia	886,498	1,159,103

Effective finance rate for the loans is as follows:

	Group and Company			
	2019		2018	
	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 a significant shareholder	Fixed	4.837	Fixed	4.911

46 LOANS DUE TO A SIGNIFICANT SHAREHOLDER (CONTINUED)

The carrying amount and fair value of the loans due to a significant shareholder are as follows:

	Group and Company			
	Carrying amount		Fair value	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans due to a significant shareholder	886,498	1,159,103	886,406	1,158,489

The fair value of loans due to a significant shareholder is based on cash flows discounted using a rate based on the borrowing rate of 4.84% (2018: 4.50%). The fair value of the loans due to a significant shareholder is a Level 2 computation.

Cash flows and non-cash changes arising from loans due to a significant shareholder financing activities are disclosed in statements of cash flows.

47 LOANS DUE TO SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unsecured:		
- Non-current	1,324,884	845,985
- Current	152,228	258,924
	1,477,112	1,104,909
The loans are denominated as follows:		
- Ringgit Malaysia	1,477,112	1,104,909
	1,477,112	1,104,909

In previous financial year, a subsidiary of the Company, had agreed to waive the loan due to a subsidiary amounting to RM28,053,000.

47 LOANS DUE TO SUBSIDIARIES (CONTINUED)

Effective finance rate for the loans is as follows:

	Company			
	2019		2018	
	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 subsidiaries	Fixed/Floating	5.78	Fixed/Floating	2.23 – 5.50

The carrying amount and fair value of the loans due to subsidiaries are as follows:

	Company			
	Carrying amount		Fair value	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans due to subsidiaries	1,477,112	1,104,909	1,532,864	1,104,057

The fair value of loans due to subsidiaries is based on cash flows discounted using a rate based on the borrowing rate of 4.84% (2018: 4.5%). 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.

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.

48 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The land lease agreement is calculated based on the terms set out in the various agreements as follows: (continued)

(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.

(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.

48 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The land lease agreement is calculated based on the terms set out in the various agreements as follows: (continued)

(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 RM243,781,000 (2018: RM243,843,000;) per annum together with 15% (2018: 15%) of yearly plantation operating profit attributable to the land.

	2019 RM'000	2018 RM'000
Non-current	4,063,332	4,079,836
Current	252,814	248,172
	4,316,146	4,328,008

Movement in LLA liability is as follows:

	2019 RM'000	2018 RM'000
At 1 January	4,328,008	4,393,280
Fair value changes charged to profit or loss (Note 11)	236,821	233,379
Repayment during the financial year	(248,683)	(298,651)
At 31 December	4,316,146	4,328,008

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 92 years.

48 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The key assumptions used to compute the fair value of the LLA liability are as follows:

(i)	Discount rate	9.47% (2018: 9.47%) based on discount rates applied by relevant comparable companies
(ii)	CPO price	RM2,450/MT (2018: RM2,250/MT to RM2,586/MT)
(iii)	PK price	RM1,800/MT to RM1,850/MT (2018: RM1,600/MT to RM1,875/MT)
(iv)	Average FFB Yield	18.1 MT/ha to 26.8 MT/ha (2018: 17.8 MT/ha to 27.1 MT/ha)
(v)	Mature estate cost	RM2,795 per hectare to RM3,368 per hectare (2018: RM3,079 per hectare to RM3,650 per hectare)
(vi)	Immature estate cost	RM4,175 per hectare to RM4,889 per hectare (2018: RM3,993 per hectare to RM4,331 per hectare)
(vii)	Lease term	Extension of lease term to 99 years (2018: 99 years) will be obtained for all land in the plantation estates

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 RM234.1 million
	Decrease by 0.5%	Increase by RM261.8 million
(ii) CPO price	Increase by RM200 per metric tonne	Increase by RM321.7 million
	Decrease by RM200 per metric tonne	Decrease by RM346.0 million
(iii) PK price	Increase/decrease by RM100 per metric tonne	Increase/decrease by RM41.0 million
(iv) Improvement/reduction in FFB yield	Increase/decrease by 1%	Increase/decrease by RM37.8 million
(v) Mature estate cost	Increase/decrease by 5%	Decrease/increase by RM106.5 million
(vi) Immature estate cost	Increase/decrease by 5%	Decrease/increase by RM23.3 million

49 PROVISION FOR ASSET RETIREMENT

	2019 RM'000	2018 RM'000
At 1 January	32,472	33,373
Unwinding of discount	459	465
Payment made during the financial year	(63)	(48)
Reversal of provision during the financial year	-	(1,500)
Currency translation differences	(89)	182
At 31 December	32,779	32,472

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.

	2019 RM'000	2018 RM'000
Analysed as:		
Non-current	32,124	31,810
Current	655	662
	32,779	32,472

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
- Retirement benefit scheme	58,001	57,445	1,586	1,944
- Housing assistance scheme	23,072	17,697	-	-
- Long service award	6,728	7,819	120	150
	87,801	82,961	1,706	2,094

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 for 25 years in Malaysia.

50 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The Group follows the Malaysian Minimum Retirement Age Act 2012 whereby the benefit shall be paid at age of 60 for retirement scheme in Malaysia. 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.

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Present value of unfunded obligation:				
At 1 January	82,961	87,768	2,094	2,018
Charge to profit or loss	16,163	2,606	369	203
Benefits paid	(17,057)	(5,660)	(617)	(91)
Re-measurement	5,602	(2,034)	(140)	(36)
Currency translation difference	132	281	-	-
At 31 December	87,801	82,961	1,706	2,094

The remeasurement amounts recognised in the other comprehensive income are determined as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Re-measurement:				
- Changes in financial assumptions	3,363	(586)	(193)	104
- Effect of changes in demographic assumptions	(1,037)	-	-	-
- Experience adjustments	3,276	(1,448)	53	(140)
	5,602	(2,034)	(140)	(36)

50 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current service cost	10,475	(1,153)	319	126
Loss on settlement	2,817	-	-	-
Finance cost	3,836	4,282	106	77
Remeasurement	(965)	(523)	(56)	-
Expense recognised in profit or loss	16,163	2,606	369	203

The defined benefit obligations for the Group by country are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Present value of obligation:				
- Malaysia	84,229	79,268	1,706	2,094
- Indonesia	2,447	2,871	-	-
- Thailand	1,125	822	-	-
	87,801	82,961	1,706	2,094

The principal actuarial assumptions used in respect of the Group's and the Company's unfunded defined retirement benefits are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Discount rate	4.40	5.30	4.40	5.30
Expected rate of salary increase	5.00	5.00	5.00	5.00

50 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

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 by RM5,457
		Decrease 1%	Increase by RM6,439
ii)	Salary growth rate	Increase 1%	Increase by RM1,579
		Decrease 1%	Decrease by RM2,165

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 11 to 30 (2018: 11 to 27) years.

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 2019	1,948	2,995	14,116	154,006	173,065
At 31 December 2018	3,838	4,350	17,383	192,970	218,541

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		
	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
Subject to income tax						
- Deferred tax assets	651,301	608,045	742,706	-	28,320	327
- Deferred tax liabilities	(671,954)	(735,370)	(812,363)	-	-	-

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

	Group			Company		
	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
Deferred tax assets:						
- Deferred tax assets to be recovered after more than 12 months	543,994	475,206	628,184	-	-	-
- Deferred tax assets to be recovered within 12 months	107,307	132,839	114,522	-	28,320	327
	651,301	608,045	742,706	-	28,320	327
Deferred tax liabilities:						
- Deferred tax liabilities to be recovered after more than 12 months	(672,275)	(735,370)	(816,123)	-	-	-
- Deferred tax liabilities to be recovered within 12 months	321	-	3,760	-	-	-
	(671,954)	(735,370)	(812,363)	-	-	-
Deferred tax (liabilities)/assets (net)	(20,653)	(127,325)	(69,657)	-	28,320	327

51 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
At 1 January, as previously stated	(130,207)	(72,004)	28,119	-
Effects of adoption of MFRS 16 (Note 62)	2,882	2,347	201	327
Credited/(charged) to profit or loss (Note 16):				
- intangible assets	189	(1,881)	-	-
- investment properties	-	2,054	-	-
- property, plant and equipment	50,366	59,232	6,241	-
- lease liabilities	2,897	535	277	(126)
- biological assets	347	2,854	-	-
- inventories	(1,571)	(5,983)	-	-
- receivables	(6,427)	(683)	-	-
- payables	18,558	(8,228)	-	-
- unused tax losses	40,065	(71,550)	(34,838)	28,119
- LLA liability	(2,847)	(15,663)	-	-
- others	8,236	(18,765)	-	-
	109,813	(58,078)	(28,320)	27,993
Currency translation differences	(3,141)	410	-	-
At 31 December	(20,653)	(127,325)	-	28,320
Deferred tax assets				
- receivables	5,750	10,671	-	-
- property, plant and equipment	54,346	1,569	-	-
- lease liabilities	5,779	2,882	478	201
- intangible assets	3,346	4,662	-	-
- investment properties	8,699	8,699	-	-
- inventories	5,738	7,709	-	-
- LLA liability	1,035,875	1,038,722	-	-
- payables	84,282	65,724	-	-
- unused tax losses	167,792	127,727	-	34,838
- others	9,674	12,755	-	-
Amount before offsetting	1,381,281	1,281,120	478	35,039
Offsetting	(729,980)	(673,075)	(478)	(6,719)
	651,301	608,045	-	28,320

51 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Deferred tax liabilities				
- intangible assets	(14,364)	(15,869)	-	-
- property, plant and equipment	(1,369,353)	(1,366,942)	478	6,719
- biological assets	(9,840)	(10,187)	-	-
- receivables	(2,379)	(873)	-	-
- inventories	(3,266)	(3,666)	-	-
- others	(2,732)	(10,908)	-	-
Amount before offsetting	(1,401,934)	(1,408,445)	478	6,719
Offsetting	729,980	673,075	(478)	(6,719)
	(671,954)	(735,370)	-	-

Under the Malaysia Finance Act 2018, the Group's unused tax losses as at 31 December 2019 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		
	31.12.2019 RM'000	31.12.2018 RM'000	1.1.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000	1.1.2018 RM'000
No expiry	-	-	398,843	-	-	228,703
Expiring in YA 2026	367,329	-	-	-	-	-
Expiring in YA 2025	831,731	979,085	-	161,914	117,006	-
	1,199,060	979,085	398,843	161,914	117,006	228,703

In the previous financial year, the significant increase in unused tax losses with no deferred tax assets being recognised was due to the tax loss expiry introduced in the previous financial year, resulting in deferred tax assets reversal of a refinery business of RM21,292,000 as the tax benefits are not expected to be utilised by 2025. In addition, a reversal of RM53,290,000 relating to APL's deferred tax assets was recognised in the previous financial year as the amount relating to unabsorbed tax losses is not expected to be utilised subsequent to the impairment assessment done on APL (Note 20).

51 DEFERRED TAXATION (CONTINUED)

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		
	31.12.2019 RM'000	31.12.2018 RM'000	1.1.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000	1.1.2018 RM'000
Unused tax losses	1,199,060	979,085	398,843	161,914	117,006	228,703
Deductible temporary differences	-	-	-	-	-	40,656
	1,199,060	979,085	398,843	161,914	117,006	269,359

52 PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non- current liabilities				
Trade payables	12,000	-	-	-
Current liabilities				
Trade payables	215,103	519,143	-	-
Other payables and accruals	691,867	708,642	39,397	35,964
	906,970	1,227,785	39,397	35,964
	918,970	1,227,785	39,397	35,964

Included in trade payables in non-current liabilities represent outstanding net present value of minimum lease payment made under finance lease payables.

Included in the previous year's other payables and accruals were:

(i) Provision for Voluntary Separation Scheme ("VSS") amounting to RM65,912,000 for the Group and RM971,000 for the Company.

(ii) Provision for Voluntary Early Retirement Scheme ("VERS") for the Group amounting to RM6,806,000 due to rationalisation plans carried out by the Group.

52 PAYABLES (CONTINUED)

The payables are denominated as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- Ringgit Malaysia	865,377	1,125,112	39,397	35,964
- United States Dollar	42,965	63,674	-	-
- Chinese Yuen Renminbi	-	29,405	-	-
- Indonesian Rupiah	5,648	5,834	-	-
- Pakistan Rupee	3,235	2,601	-	-
- Thai Baht	1,715	1,159	-	-
- Great Britain Pound	16	-	-	-
- Others	14	-	-	-
	918,970	1,227,785	39,397	35,964

The credit terms of trade payables range up to 90 days (2018: up to 90 days).

The fair value of the payables approximates their carrying values, as the impact of discounting is not significant.

53 CONTRACT LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Contract liabilities		
At 1 January	41,209	58,714
Revenue recognised that was included in the contract liability balance at the beginning of financial period	(39,010)	(58,337)
Cash received/amount billed for unfulfilled obligations	75,424	40,832
At 31 December	77,623	41,209

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	
	2019 RM'000	2018 RM'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
- Sales of palm products	21,166	32,882
- Sales of other commodities and by-products	9,975	16,529
- Provision of services	4,048	5,714
- Construction contract	2,184	606
- Others	1,637	2,606
	39,010	58,337

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 RM77,623,000 (2018: RM41,209,000).

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 PROVISION FOR LITIGATION LOSS

	Group	
	2019 RM'000	2018 RM'000
At 1 January	35,541	32,841
Provision during the financial year	-	2,700
Payment made during the financial year	(32,674)	-
Currency translation differences	(2,867)	-
At 31 December	-	35,541

Provision for litigation loss related to amount provided for legal suit by a vessel owner, against FGV Trading Sdn. Bhd. ("FGVT"), a wholly-owned subsidiary of the Company. The claims were for the loss and damages caused by an alleged breach of the terms of a Letter of Indemnity ("LOI") issued by FGVT in relation to the release of goods by the vessel owner for CPO sold by FGVT to end customer, which had defaulted payments to the financial institution.

The litigation amount had been fully settled by FGVT during the current financial year.

55 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.

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.

55 LONG TERM INCENTIVE PLAN (CONTINUED)

The details of the Grant are as follows: (continued)

(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.

55 LONG TERM INCENTIVE PLAN (CONTINUED)

During the financial year, no RS (2018: 11,666,800 RS) under the LTIP were granted to eligible employees of the Group. Subject to the terms and conditions of the By-Laws, the employees shall be awarded 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 in the previous financial year on 1 June 2018 has a three years vesting period where the first vesting date was on 30 September 2018. The fair value of share price at grant date was RM1.484.

The first RS granted on 1 July 2016 had a three years vesting period and had fully vested or forfeited as at 31 December 2019. The fair value of share price at grant date was RM1.413.

Movement in the number of RS Grant under the LTIP is as follows:

2019		Number of shares grants over ordinary share			
Grant date	Outstanding as at 1.1.2019	Granted	Vested	(Forfeited)	Outstanding as at 31.12.2019
1 July 2016	217,000	-	(175,800)	(41,200)	-
1 June 2018	8,340,500	-	(2,477,300)	(498,400)	5,364,800

2018		Number of shares grants over ordinary share			
Grant date	Outstanding as at 1.1.2018	Granted	Vested	(Forfeited)	Outstanding as at 31.12.2018
1 July 2016	578,800	-	(211,900)	(149,900)	217,000
1 June 2018	-	11,666,800	(3,240,700)	(85,600)	8,340,500

56 FINANCIAL INSTRUMENTS

Financial instruments by category

	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
Assets as per statement of financial position				
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

	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position			
Amount due to a significant shareholder	-	216,558	216,558
Amount due to an associate	-	485	485
Amounts due to other related companies	-	1,604	1,604
Loans due to a significant shareholder	-	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

56 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	Group			
	31 December 2018			
	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
Assets as per statement of financial position				
Receivables (excluding prepayments and GST receivable)	1,071,394	-	-	1,071,394
Amount due from a significant shareholder	162,592	-	-	162,592
Amounts due from joint ventures	389,318	-	-	389,318
Amounts due from other related companies	176,540	-	-	176,540
Loan due from joint ventures	70,201	-	-	70,201
Financial assets at fair value through other comprehensive income	-	-	86,224	86,224
Financial assets at fair value through profit or loss	-	46,055	-	46,055
Derivative financial assets	-	4,267	-	4,267
Deposits, cash and bank balances	1,220,351	-	-	1,220,351
Total	3,090,396	50,322	86,224	3,226,942

	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position			
Amount due to a significant shareholder	-	187,582	187,582
Amount due to an associate	-	210	210
Amounts due to other related companies	-	2,559	2,559
Amounts due to joint ventures	-	249	249
Loans due to a significant shareholder	-	1,159,103	1,159,103
Borrowings	-	4,244,111	4,244,111
Lease liabilities	-	294,080	294,080
LLA liability	4,328,008	-	4,328,008
Derivative financial liabilities	7,545	-	7,545
Payables	-	1,155,067	1,155,067
Total	4,335,553	7,042,961	11,378,514

56 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	Company Amortised cost 2019 RM'000	Company Amortised cost 2018 RM'000
Assets as per statement of financial position		
Receivables (excluding prepayments and GST receivable)	16,474	16,967
Amount due from a significant shareholder	20	20
Amounts due from subsidiaries	1,074,468	722,222
Amounts due from other related companies	224	199
Loans due from subsidiaries	62,600	6,999
Deposits, cash and bank balances	9,187	12,677
Total	1,162,973	759,084

	Company Other financial liabilities at amortised cost 2019 RM'000	Company Other financial liabilities at amortised cost 2018 RM'000
Liabilities as per statement of financial position		
Payables	39,397	35,964
Amount due to a significant shareholder	1,128	1,441
Amounts due to subsidiaries	23,476	30,672
Amounts due to other related companies	561	171
Loans due to a significant shareholder	886,498	1,159,103
Loans due to subsidiaries	1,477,112	1,104,909
Borrowings	75,080	84,880
Lease liabilities	35,427	38,633
Total	2,538,679	2,455,773

57 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"), a significant shareholder of the Company, effectively owns 33.7% (2018: 33.7%) of the issued share capital of the Company. FELDA 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, 57(a), 57(b), 57(c), 57(e) and 57(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.

Significant related parties and relationships are summarised as follows:

(i) Subsidiaries

FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")
Felda Holdings Bhd. ("FHB")
FGV Agri Services Sdn. Bhd. ("FASSB")
Felda Engineering Services Sdn. Bhd. ("FESSB")
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 Bulkers 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)

57 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(a) Sales of goods, services and investments				
(i) Transactions with subsidiaries				
Dividend received/receivable from subsidiaries	-	-	417,100	234,353
Management fees charged to subsidiaries	-	-	210,543	148,671
(ii) Transactions with joint ventures				
Sales of CPO by FGV Trading and FPISB to FISB Group	929,003	1,365,665	-	-
Sales of CPKO, RBDPKO and PFAD by FKPSB to FISB Group and FPG	807,116	1,135,348	-	-
Sales of Processed Palm Oil ("PPO") by FGV Trading to FISB Group	-	136,146	-	-
Sales of CPO by FGV Trading and FPISB to MAPAK	213,217	228,612	-	-
Provision of storage space for vegetable oil by FBSB to FISB Group and FPG	16,233	14,904	-	-
(iii) Transactions with an associate				
Sales of PPO by FGV Trading and FPISB to FKW	23,379	21,278	-	-
(iv) Transactions with FELDA and its subsidiaries				
Sales of fertiliser by FGVF	180,189	104,158	-	-
IT services rendered by Prodata	23,246	25,230	-	-
Security services rendered by FSSSB	21,794	23,564	-	-
Sales of seedlings and planting materials by FASSB	15,172	16,647	-	-
Travel and hospitality services by Felda Travel	4,420	10,980	-	-
Contributions to Yayasan FELDA	5,000	5,762	-	-
(b) Purchase of goods and services				
(i) Transactions with subsidiaries				
Finance costs charged by by FGVC	-	-	83,889	27,214
Purchase of IT services from Prodata	-	-	6,421	6,383
Purchase of security services from FSSSB	-	-	637	510
Purchase of travel sevices from Felda Travel	-	-	2,013	3,074

57 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(b) Purchase of goods and services (continued)				
(ii) Transactions with FELDA and its subsidiaries				
Finance expense charged	45,201	61,932	45,201	61,932
Building rental charged	3,033	22,383	181	6,976
LLA liability paid by FGVPM	248,683	298,651	-	-
Purchase of latex by FRISB	133,925	125,512	-	-
Purchase of FFB by FPISB and FGVPM	2,624,697	2,838,442	-	-
Joint Consultative Committee payment by FPISB and FGVPM to FELDA	13,136	12,678	-	-
(c) Transactions with Government-related entities				
Transactions between subsidiaries and other government agencies				
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB") and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	12,585	20,669	-	-
Cess payment to MPOB	39,901	36,724	-	-

(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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fees	1,847	2,546	1,532	2,203
Salaries and bonuses	13,188	22,423	13,188	20,992
Defined contribution and benefit plans	2,644	5,697	2,644	5,431
Other short-term employee benefits	3,822	5,793	3,361	4,297
	21,501	36,459	20,725	32,923

57 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Loans due from subsidiaries

Terms and conditions of the loans are disclosed in Note 35 to the financial statements.

	Company	
	2019 RM'000	2018 RM'000
At 1 January	6,999	3,664
Addition	305,249	249,464
Repayment	(248,586)	(246,129)
Provision of impairment	(1,062)	-
At 31 December	62,600	6,999

(f) Loans due from joint ventures

Terms and conditions of the loan are disclosed in Note 32 to the financial statements.

	Group	
	2019 RM'000	2018 RM'000
At 1 January	70,201	71,431
Repayment	(22,510)	-
Provision for impairment	(47,171)	(2,300)
Currency translation difference	(520)	1,070
At 31 December	-	70,201

58 CAPITAL COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	207,874	404,636
- Intangible asset	-	2,941
	207,874	407,577

59 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 trial 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 costs of RM80,000. On 10 September 2019, the Solicitor informed that the Plaintiff Solicitor did not serve any notice of appeal.

The remaining claims are not material to be disclosed in the financial statements and deemed remote by the Directors.

60 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 2 January 2019, Dato' Mohd Hairul Abdul Hamid was appointed as Chief Financial Officer of FGV.

(ii) On 3 January 2019, 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"), the 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 will not have material financial impact to the Group for the financial year ended 31 December 2019.

(iii) On 23 January 2019, Dato' Haris Fadzilah Hassan was appointed as a new Chief Executive Officer and his appointment has been concurred by the Minister of Finance (Incorporated). With the appointment of Dato' Haris Fadzilah Hassan as Chief Executive Officer, Datuk Wira Azhar Abdul Hamid resigned as the Interim Chief Executive Officer.

(iv) On 12 February 2019, all Defendants to the suit filed by the Company on 23 November 2018 against its former members of the Board of Directors and former employees on the acquisition of APL ("Company suit") had filed their respective Defences except for one, who is directed by the High Court to file his Defence on or before 4 March 2019.

On 11 February 2019, certain Defendants to the Company suit had filed a counterclaim ("the Counterclaim") against the Company and the current members of the Board of Directors of the Company ("Counterclaim Defendants"). The Counterclaim seeks reliefs, jointly and severally, against the Company and the Counterclaim Defendants for declaration that the Company and the Counterclaim Defendants were liable for the loss of RM514 million (in the Company's suit) and for any damages, general damages and interest at 5% per annum to be indemnified by the Company and Counterclaim Defendants.

On 8 November 2019, the Counterclaim Defendants filed an application to strike out the Counterclaim. The High Court after hearing both parties, had struck out the Counterclaim and dismissed the 10th to 14th Defendants' claim with costs.

On 13 January 2020, the Solicitors of 8th Defendant updated the Court that they had filed an application to amend their Defence.

In light of the Government's movement control order, the case management and hearing which was set on 19 March 2020 has been vacated. The Court has fixed the next case management on 16 April 2020 to set new date for hearing of Stay of Proceedings application.

60 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(v) 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 has been completed and was deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016.

(vi) On 20 February 2019, the process to strike-off the name of Felda Global Ventures Rubber Sdn. Bhd. ("FGVR"), a wholly-owned subsidiary of FGV, 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 dissolvement did not have material financial impact to the Group for the financial year ended 31 December 2019.

(vii) 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 ("the Act") had been completed and FGVLV was deemed duly dissolved under the Act. The dissolvement did not have material financial impact to the Group for the financial year ended 31 December 2019.

(viii) On 4 June 2019, Felda Holdings Berhad ("FHB"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Orient View Sdn Bhd for the disposal of Paragon Yield Sdn Bhd ("Paragon"), an associate of the Group for a total cash consideration of RM29.0 million.

On 20 October 2019, the disposal had been completed and resulting in a loss on disposal of RM1,413,000 to the Group.

(ix) 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 is an internal re-organisation exercise whereby FGVT has become a direct subsidiary of FGVP and in turn 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.

(x) On 10 July 2019, the Company entered into an Equity Transfer Agreement with Grand Industrial Holding Co., Ltd to dispose FGV's 100% equity interest in FGV China Oils Ltd ("FGVCO") for a total consideration of RMB165 million (approximately RM97.15 million) ("Proposed Disposal").

The disposal was completed on 10 September 2019. resulting in a gain on disposal of RM219,000 to the Group and loss on disposal of RM56,415,000 to the Company.

(xi) On 23 September 2019, the Board of Directors 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 liquidator had been appointed for both companies on the same day. The voluntary winding up of the Companies did not have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2019.

(xii) On 8 October 2019, the Board of Directors of MSM Malaysia Holdings Berhad ("MSMH"), a subsidiary of the Company announced that MSM Perlis Sdn Bhd ("MSMP" or "the Vendor"), a wholly owned subsidiary of MSMH had entered into a Sale and Purchase Agreement ("Agreement") with F&N Agrivalley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) a wholly owned subsidiary of Fraser & Neave Holdings Berhad ("F&N" or "the Purchaser"), for the disposal of nine (9) parcels of leasehold agricultural lands known as "Ladang Chuping" totalling approximately 4,453.92 hectares all located within Mukim of Chuping, District and State of Perlis (collectively, "the Lands") registered under MSMP to F&N for a total cash consideration of RM156,000,000.00 only ("Purchase Price") ("Proposed Disposal").

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. Refer Note 61(iii).

60 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(xiii) On 14 November 2019, the Board of Directors announced that Felda Global Ventures Indonesia Sdn. Bhd., a wholly-owned subsidiary 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 subsidiary did not have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2019.

(xiv) On 21 November 2019, the Board of Directors announced that the members' voluntary winding-up process (In Members' Voluntarily Liquidation) for ProXcel Sdn Bhd ("ProXcel"), an indirect joint venture company of FGV has been completed and ProXcel is deemed fully dissolved on 21 November 2019 pursuant to Section 459 (5) of the Companies Act 2016.

61 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(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 2019.

(ii) In 2020, the global economic impact from the COVID-19 pandemic will be felt by industries and billions of people across the world. Even though a large portion of the Group's activities are considered as essential operations, it is foreseen that the COVID-19 pandemic may have financial implications to the Group, including the results of the Group and measurement of its assets and liabilities of the Group for the next financial year. The Board of Directors of the Company are closely monitoring the situation and will make the appropriate decisions and undertake the necessary measures to preserve value.

(iii) 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 as disclosed in Note 60(xii) to the financial statements. As of the date of this report, MSMH continues with its plan to sell the leasehold agriculture land with F&N and it is of the view that the sales consideration in the sale and purchase agreement with F&N of RM156,000,000 remains the most reflective market value to be used as fair value less costs to sell for the purposes of measurement of the assets held for sale.

62 EFFECTS OF CHANGE IN ACCOUNTING POLICY

The Group has applied MFRS 16 with the date of initial application of 1 January 2019 by applying the full retrospective transition method.

Under the full retrospective transition method, the 2018 comparative information had been restated to reflect the new requirements of MFRS 16 where the Group is a lessee.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the respective lease commencement dates.

The Group and Company have applied the practical expedient in applying MFRS 16 which at the date of initial application, no reassessments were made on whether existing contracts are, or contain, lease in accordance with MFRS 16. Accordingly, the Group and Company had applied this Standard to contracts that were previously identified as leases applying MFRS 117 Leases and IC Interpretation 4 Determining whether an Arrangement contains a Lease, while did not apply MFRS 16 to existing contracts that did not meet the definition of a lease under MFRS 117 and IC 4, although these contracts may meet the definition of lease under MFRS 16.

62 EFFECTS OF CHANGE IN ACCOUNTING POLICY (CONTINUED)

The effects arising from these changes on the Group's and Company's statements of profit or loss, statements of financial position and statements of cash flows are set out below:

Impact on change in accounting policy on statements of profit or loss

	Effects on current year Financial year ended 31 December 2019			Restatement of comparative figures Financial year ended 31 December 2018		
Group (in RM'000)	**Previous policy**	**Effects of MFRS 16 adoption**	**As presented**	**As previously stated**	**Effects of MFRS 16 adoption**	**Restated**
Administrative expenses	(868,671)	7,117	(861,554)	(939,363)	11,152	(928,211)
Operating loss	(201,105)	7,117	(193,988)	(826,601)	11,152	(815,449)
Finance costs	(167,535)	(15,623)	(183,158)	(189,274)	(13,168)	(202,442)
Loss before zakat and taxation	(330,322)	(8,506)	(338,828)	(1,022,951)	(2,016)	(1,024,967)
Taxation	(28,828)	2,897	(25,931)	(100,569)	535	(100,034)
Loss for the financial year	(365,547)	(5,609)	(371,156)	(1,142,123)	(1,481)	(1,143,604)
Loss attributable to:						
- Owners of the Company	(240,929)	(5,245)	(246,174)	(1,079,952)	(971)	(1,080,923)
- Non-controlling interests	(124,618)	(364)	(124,982)	(62,171)	(510)	(62,681)
	(365,547)	(5,609)	(371,156)	(1,142,123)	(1,481)	(1,143,604)
Earning per share ("EPS") attributable to owners of the Company:						
Basic and diluted EPS (sen)	(6.61)	(0.14)	(6.75)	(29.60)	(0.03)	(29.63)

	Effects on current year Financial year ended 31 December 2019			Restatement of comparative figures Financial year ended 31 December 2018		
Company (in RM'000)	**Previous policy**	**Effects of MFRS 16**	**As presented**	**As previously stated**	**Effects of MFRS 16**	**Restated**
Administrative expenses	(49,280)	664	(48,616)	(142,033)	1,783	(140,250)
Operating profit	79,693	664	80,357	209,766	1,783	211,549
Finance costs	(130,427)	(1,819)	(132,246)	(93,653)	(1,257)	(94,910)
(Loss)/profit before zakat and taxation	(50,734)	(1,155)	(51,889)	116,113	526	116,639
Taxation	(28,482)	277	(28,205)	27,841	(126)	27,715
(Loss)/profit for the financial year	(79,216)	(878)	(80,094)	143,954	400	144,354

62 EFFECTS OF CHANGE IN ACCOUNTING POLICY (CONTINUED)

Impact on change in accounting policy on statements of financial position

Group (in RM'000)	Effects on current year			Restatement of comparative figures					
	As at 31 December 2019			As at 31 December 2018			As at 1 January 2018		
	Previous policy	Effects of MFRS 16 adoption	As pesented	As previously stated	Effects of MFRS 16 doption	Restated	As previously stated	Effects of MFRS 16 adoption	Restated
Non-current assets									
Property, plant and equipment	10,087,268	(1,897,150)	8,190,118	10,521,000	(2,019,827)	8,501,173	10,446,122	(2,054,496)	8,391,626
Prepaid lease payments	39,896	(39,896)	-	67,089	(67,089)	-	71,666	(71,666)	-
Rights-of-use assets	-	2,213,761	2,213,761	-	2,365,422	2,365,422	-	2,381,293	2,381,293
Deferred tax assets	645,522	5,779	651,301	605,163	2,882	608,045	740,359	2,347	742,706
Non-current liabilities									
Lease liabilities	-	258,957	258,957	-	251,332	251,332	-	228,405	228,405
Current liabilities									
Lease liabilities	-	41,838	41,838	-	42,748	42,748	-	40,284	40,284
Equity									
Retained earnings	216,324	(14,749)	201,575	462,422	(9,504)	452,918	1,539,670	(8,533)	1,531,137
Non-controlling interests	1,930,651	(3,552)	1,927,099	2,141,816	(3,188)	2,138,628	2,256,428	(2,678)	2,253,750

62 EFFECTS OF CHANGE IN ACCOUNTING POLICY (CONTINUED)

Impact on change in accounting policy on statements of financial position (continued)

	Effects on current year			Restatement of comparative figures					
	As at 31 December 2019			As at 31 December 2018			As at 1 January 2018		
Company (in RM'000)	Previous policy	Effects of MFRS 16 adoption	As presented	As previously stated	Effects of MFRS 16	Restated	As previously stated	Effects of MFRS 16 adoption	Restated
Non-current assets									
Rights-of-use assets	-	33,436	33,436	-	37,797	37,797	-	13,429	13,429
Deferred tax assets	-	-	-	28,119	201	28,320	-	327	327
Non-current liabilities									
Lease liabilities	-	32,064	32,064	-	30,500	30,500	-	10,099	10,099
Deferred tax liabilities	478	(478)	-	-	-	-	-	-	-
Current liabilities									
Lease liabilities	-	3,363	3,363	-	8,133	8,133	-	4,692	4,692
Equity									
Retained earnings	101,892	(1,513)	100,379	180,968	(635)	180,333	36,978	(1,035)	35,943

62 EFFECTS OF CHANGE IN ACCOUNTING POLICY (CONTINUED)

Impact on change in accounting policy on statements of cash flows

Group (in RM'000)	Effects on current year Financial year ended 31 December 2019			Restatement of comparative figures Financial year ended 31 December 2018		
	Previous policy	Effects of MFRS 16 adoption	As presented	As previously stated	Effects of MFRS 16 adoption	Restated
Loss for the financial year	(365,547)	(5,609)	(371,156)	(1,142,123)	(1,481)	(1,143,604)
Taxation	28,828	(2,897)	25,931	100,569	(535)	100,034
Depreciation of property, plant and equipment	709,474	(37,077)	672,397	686,136	(38,866)	647,270
Impairment loss on property, plant and equipment	168,083	(8,281)	159,802	215,750	319	216,069
Amortisation of prepaid lease payment	2,158	(2,158)	-	3,700	(3,700)	-
Depreciation of right-of-use assets	-	71,239	71,239	-	80,651	80,651
Impairment loss/ (reversal of impairment loss) on right-of-use assets	-	8,281	8,281	-	(319)	(319)
Termination of lease contracts	-	-	-	-	(2,096)	(2,096)
Finance expense	167,535	15,623	183,158	189,274	13,168	202,442
Net cash generated from operating activities	1,936,322	39,121	1,975,443	957,153	47,141	1,004,294
Cash flows from investing activities						
Purchase of property, plant and equipment	(625,754)	4,860	(620,894)	(963,703)	4,976	(958,727)
Purchase of right-of-use assets	-	(4,860)	(4,860)	-	(4,976)	(4,976)
Net cash used in investing activities	(484,049)	-	(484,049)	(814,194)	-	(814,194)
Cash flows from financing activities						
Payment of lease liabilities	-	(39,121)	(39,121)	-	(47,141)	(47,141)
Net cash used in financing activities	1,056,591	(39,121)	1,017,470	(738,726)	(47,141)	(785,867)

62 EFFECTS OF CHANGE IN ACCOUNTING POLICY (CONTINUED)

Impact on change in accounting policy on statements of cash flows (continued)

	Effects on current year Financial year ended 31 December 2019			Restatement of comparative figures Financial year ended 31 December 2018		
Company (RM'000)	**Previous policy**	**Effects of MFRS 16 adoption**	**As presented**	**As previously stated**	**Effects of MFRS 16 adoption**	**Restated**
(Loss)/profit for the financial year	(79,216)	(878)	(80,094)	143,954	400	144,354
Taxation	28,482	(277)	28,205	(27,841)	126	(27,715)
Depreciation of right-of-use assets	-	4,361	4,361	-	5,809	5,809
Termination of lease contracts	-	-	-	-	(1,025)	(1,025)
Finance expense	130,427	1,819	132,246	93,653	1,257	94,910
Net cash used in operating activities	(103,054)	5,025	(98,029)	(116,803)	6,567	(110,236)
Cash flows from financing activities						
Payment of lease liabilities	-	(5,025)	(5,025)	-	(6,567)	(6,567)
Net cash used in financing activities	(43,815)	(5,025)	(48,840)	(211,703)	(6,567)	(218,270)

63 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 17 April 2020.

FGV HOLDINGS BERHAD Registration No. 200701042133 (800165-P)

Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

t +603 2789 0000 f +603 2789 0001

www.fgvholdings.com