THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

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FGV HOLDINGS BERHAD
Reg. No. 200701042133 (800165-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

(I) PROPOSED ACQUISITIONS BY FGV PALM INDUSTRIES SDN BHD ("FGVPI"), AN INDIRECT 72%-OWNED SUBSIDIARY OF FGV HOLDINGS BERHAD ("FGV" OR "COMPANY"), OF THE REMAINING EQUITY INTEREST IN THREE (3) NON-WHOLLY OWNED SUBSIDIARIES OF FGVPI FROM KOPERASI PERMODALAN FELDA MALAYSIA BERHAD ("KPF") FOR A CASH CONSIDERATION OF RM54,696,719 ("PROPOSED ACQUISITIONS 1"); AND

(II) PROPOSED ACQUISITIONS BY FELDA HOLDINGS BHD ("FHB"), A WHOLLY-OWNED SUBSIDIARY OF FGV, OF THE REMAINING EQUITY INTEREST IN FIVE (5) NON-WHOLLY OWNED SUBSIDIARIES OF FHB FROM KPF FOR A CASH CONSIDERATION OF RM175,054,633 ("PROPOSED ACQUISITIONS 2")

(COLLECTIVELY REFERRED TO AS "PROPOSED ACQUISITIONS")

PART B

INDEPENDENT ADVICE LETTER FROM QUANTEPHI SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF FGV IN RELATION TO THE PROPOSED ACQUISITIONS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A	***Independent Adviser for Part B***
Maybank Investment Bank	QuantePhi
Company Registration No. 197301002412	**QuantePhi Sdn Bhd**
(A Participating Organisation of Bursa Malaysia Securities Berhad)	Registration No. 201101037439 (965573-T)

The Extraordinary General Meeting ("**EGM**") of our Company will be held at Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia and will be broadcasted live from the meeting venue via Remote Participation and Electronic Voting (RPEV) facilities at https://investor.boardroomlimited.com (Online Platform) on Thursday, 26 June 2025 at 3.00 p.m.. The Notice of EGM together with the Proxy Form, Administrative Guide for Shareholders and this Circular are available for download at our Company's website at https://www.fgvholdings.com/investor-relations/ir-home/.

A member is entitled to attend and vote at the EGM and is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. The Proxy Form should be lodged at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or the instrument appointing a proxy can also be electronically submitted to the appointed Share Registrar for the EGM via e-mail to bsr.helpdesk@boardroomlimited.com not less than forty-eight (48) hours before the time of the EGM. The last day and time for lodging the Proxy Form is on Tuesday, 24 June 2025 at 3.00 p.m.. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

IMPORTANT DATES

Last date and time for lodging the Proxy Form of EGM	:	Tuesday, 24 June 2025 at 3.00 p.m.
Date and time for the EGM	:	Thursday, 26 June 2025 at 3.00 p.m.

This Circular is dated 11 June 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 2016
Board	:	Board of Directors of FGV
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	:	This circular to shareholders of our Company dated 11 June 2025 in relation to the Proposed Acquisitions
Completion	:	The completion of the sale and purchase of the Sale Shares in accordance with the SSAs
Completion Date	:	(i) fourteen (14) days from the date on which the Conditions Precedent is fulfilled, or as the case may be, waived by KPF or FGVPI / FHB, where applicable; or (ii) any other date agreed in writing between KPF and FGVPI / FHB, where applicable, at a place mutually agreed by the parties
Conditions Precedent	:	As defined in **Appendix I** of this Circular in accordance with SSA 1 or SSA 2 respectively
Director(s)	:	Directors of FGV and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: (i) a director of FGV, its subsidiaries or holding company; or (ii) a chief executive of FGV, its subsidiaries or holding company
EGM	:	Extraordinary general meeting
FFB	:	Fresh fruit bunch(es)
FELDA	:	Federal Land Development Authority
FGVAS	:	FGV Agri Services Sdn Bhd (Registration No. 199501024586 (353791-M))
FGV Group or Group	:	Collectively, our Company and our subsidiaries
FGV or Company	:	FGV Holdings Berhad (Registration No. 200701042133 (800165-P))
FGV Share(s) or Share(s)	:	Ordinary share(s) in FGV
FGVKP	:	FGV Kernel Products Sdn Bhd (Registration No. 199501024581 (353786-A))
FGVMS	:	FGV Marketing Services Sdn Bhd (Registration No. 199501024602 (353807-M))
FGVPI	:	FGV Palm Industries Sdn Bhd (Registration No. 199501030378 (359584-V))

FGVPS	:	FGV Prodata Systems Sdn Bhd (Registration No. 199501024739 (353944-K))
FGVR	:	FGV Refineries Sdn Bhd (Registration No. 199501024725 (353930-K))
FGVRI	:	FGV Rubber Industries Sdn Bhd (Registration No. 199501028690 (357896-U))
FGVSS	:	FGV Security Services Sdn Bhd (Registration No. 199501028583 (357789-M))
FGVTS	:	FGV Transport Services Sdn Bhd (Registration No. 199501028512 (357718-K))
FHB	:	FELDA Holdings Bhd (Registration No. 199501028952 (358158-V))
FYE(s)	:	Financial year(s) ended or ending, as the case may be
HA	:	Hectare
IAL	:	Independent advice letter dated 11 June 2025 from QuantePhi to the non-interested Shareholders in relation to the Proposed Acquisitions, as set out in **Part B** of this Circular
IT	:	Information technology
Independent Adviser or QuantePhi	:	QuantePhi Sdn Bhd (Registration No. 201101037439 (965573-T))
Interested Directors	:	Collectively, Dato' Dr. Suzana Idayu Wati Osman, Dato' Shahrol Anuwar Sarman and Datuk Dr. Yatimah Sarjiman
Interested Major Shareholders	:	Collectively, FELDA and KPF
KPF or Vendor	:	Koperasi Permodalan FELDA Malaysia Berhad (Co-operative Society Registration No. 198071400105 (NEGARA 39))
LAT		Loss after tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 May 2025, being the latest practicable date prior to the printing of this Circular
Maybank IB or Principal Adviser	:	Maybank Investment Bank Berhad (Registration No. 197301002412 (15938-H))
MT	:	Metric tonne
NA	:	Net assets
PAT	:	Profit after tax
PATAMI	:	Profit after tax and after minority interest
PER	:	Price-to-earnings ratio

Proposed Acquisitions	:	Collectively, the Proposed Acquisitions 1 and the Proposed Acquisitions 2
Proposed Acquisitions 1	:	Proposed acquisitions by FGVPI of the following from KPF: (i) 4,000,000 ordinary shares in FGVKP, representing 16.67% of the total issued share capital of FGVKP, for a cash consideration of RM12,937,998; (ii) 38,333,333 enlarged ordinary shares in FGVR (post-capital injection amounting to RM40,000,000 by the existing shareholders of FGVR), representing 33.33% of the total issued share capital of FGVR, for a cash consideration RM17,894,835; and (iii) 8,330,000 ordinary shares in FGVMS, representing 49.00% of the total issued share capital of FGVMS, for a cash consideration of RM23,863,886
Proposed Acquisitions 2	:	Proposed acquisitions by FHB of the following from KPF: (i) 15,000,000 ordinary shares in FGVAS, representing 23.08% of the total issued share capital of FGVAS, for a cash consideration of RM62,439,688; (ii) 14,700,000 ordinary shares in FGVTS, representing 49.00% of the total issued and share capital of FGVTS, for a cash consideration of RM77,904,156; (iii) 1,411,200 ordinary shares in FGVSS, representing 49.00% of the total issued share capital of FGVSS, for a cash consideration of RM17,234,444; (iv) 2,500,000 ordinary shares in FGVPS, representing 20.00% of the total issued share capital of FGVPS, for a cash consideration of RM17,476,344; and (v) 59,539,917 enlarged ordinary shares in FGVRI (post-capital injection amounting to RM166,389,708 by the existing shareholders of FGVRI), representing 28.57% of the total issued share capital of FGVRI, for a nominal cash consideration of RM1
Public Authorities	:	Includes: (i) any government in any jurisdiction, whether federal, state, provisional, territorial or local; (ii) any minister, department, officer, commission, delegate, instrumentality, agency, board, authority or organisation of any government or in which any government is interested; (iii) any non-government regulatory authority; (iv) any provider of public utility services, whether or not government owned or controlled; and (v) any court in any jurisdiction,

		having the liberty and authority to exercise its rights, jurisdiction and/or responsibility in connection with or affecting the Sale Shares
Purchase Consideration	:	Collectively, the SSA 1 Purchase Consideration and SSA 2 Purchase Consideration, amounting to RM229,751,352
RM and sen	:	Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia
R&D	:	Research and development
Sale Shares	:	Collectively, the SSA 1 Sale Shares and the SSA 2 Sale Shares
Shareholders	:	Holder(s) of FGV Shares
SSAs	:	Collectively, the SSA 1 and the SSA 2
SSA 1	:	The conditional share sale agreement dated 23 May 2025 between FGVPI and KPF for the Proposed Acquisitions 1
SSA 2	:	The conditional share sale agreement dated 23 May 2025 between FHB and KPF for the Proposed Acquisitions 2
SSA 1 Purchase Consideration	:	Total cash consideration of RM54,696,719 for the Proposed Acquisitions 1
SSA 2 Purchase Consideration	:	Total cash consideration of RM175,054,633 for the Proposed Acquisitions 2
Share Registrar or Boardroom	:	Boardroom Share Registrars Sdn Bhd (Registration No. 196001000110 (3775-X)
SSA 1 Sale Shares	:	Means: (i) 4,000,000 ordinary shares in FGVKP, representing 16.67% of the total issued share capital of FGVKP; (ii) 38,333,333 enlarged ordinary shares in FGVR (post-capital injection amounting to RM40,000,000 by the existing shareholders of FGVR), representing 33.33% of the total issued share capital of FGVR; and (iii) 8,330,000 ordinary shares in FGVMS, representing 49.00% of the total issued share capital of FGVMS, to be sold by KPF and purchased by FGVPI in accordance with the terms and conditions of the SSA 1
SSA 2 Sale Shares	:	Means: (i) 15,000,000 ordinary shares in FGVAS, representing 23.08% of the total issued share capital of FGVAS; (ii) 14,700,000 ordinary shares in FGVTS, representing 49.00% of the total issued and share capital of FGVTS;

		(iii) 1,411,200 ordinary shares in FGVSS, representing 49.00% of the total issued share capital of FGVSS; (iv) 2,500,000 ordinary shares in FGVPS, representing 20.00% of the total issued share capital of FGVPS; and (v) 59,539,917 enlarged ordinary shares in FGVRI (post-capital injection amounting to RM166,389,708 by the existing shareholders of FGVRI), representing 28.57% of the total issued share capital of FGVRI to be sold by KPF and purchased by FHB in accordance with the terms and conditions of the SSA 2
SSA 1 Target Companies	:	Collectively, FGVKP, FGVR and FGVMS
SSA 2 Target Companies	:	Collectively, FGVAS, FGVTS, FGVSS, FGVPS and FGVRI
Target Companies	:	Collectively, the SSA 1 Target Companies and the SSA 2 Target Companies

References to "our Company" in this Circular are to FGV and references to "our Group" are to the Company and the subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to the Company and where the context otherwise requires, shall include its subsidiaries. All references to "you" in this Circular are to the shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any references to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any exchange rate translation in this Circular is provided solely for your convenience and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in its quarterly results or annual reports, is due to rounding differences.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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This Executive Summary highlights only the pertinent information of Part A of this Circular. You are advised to read and understand the contents of this Circular (including the IAL set out in **Part B**) in its entirety and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

Key information	Summary	Reference to Part A of this Circular
Summary of the Proposed Acquisitions	The Proposed Acquisitions entail the acquisition by FGVPI and FHB of the remaining equity interest in the respective Target Companies, as summarised below:	Sections 1 and 2

Name of Target Companies	Equity interest to be acquired by FGVPI	Purchase consideration
	(%)	(RM)
Pursuant to the Proposed Acquisitions 1		
FGVKP	16.67	12,937,998
FGVR	33.33	17,894,835
FGVMS	49.00	23,863,886
	Subtotal	**54,696,719**

Name of Target Companies	Equity interest to be acquired by FHB	Purchase consideration
	(%)	(RM)
Pursuant to the Proposed Acquisitions 2		
FGVAS	23.08	62,439,688
FGVTS	49.00	77,904,156
FGVSS	49.00	17,234,444
FGVPS	20.00	17,476,344
FGVRI	28.57	1
	Subtotal	**175,054,633**
	Total	**229,751,352**

Key information	Summary	Reference to Part A of this Circular
Basis and justification for arriving at the Purchase Consideration	The respective purchase consideration for the Proposed Acquisitions was arrived at a “willing-buyer willing-seller” basis, after taking into consideration the following: (i) aggregated audited NA of the Target Companies of RM220.0 million and RM513.6 million as at 31 December 2024 in accordance with the SSA 1 and SSA 2 respectively; and (ii) adjustments arising from dividends and capital injection which are provided for in the SSAs.	Section 3

Key information	Summary	Reference to Part A of this Circular
	In justifying the Purchase Consideration, the Board (save for the Interested Directors) has also taken into consideration the following: (i) internal assessment by the management of our Company based on the comparable trading multiple analysis. Given that the Proposed Acquisitions are inter-conditional, the Purchase Consideration is assessed on an aggregated basis and represents an implied PER of approximately 7.7 times. The PER is derived based on the Purchase Consideration over RM29.9 million, being the total proportionate latest audited PAT of the Target Companies for the FYE 31 December 2024, which falls below the range of PERs of the listed plantation companies; (ii) rationale and benefits of the Proposed Acquisitions as set out in **Section 4 of Part A** of this Circular; and (iii) prospects of the Target Companies as set out in **Section 5 of Part A** of this Circular.	
Rationale and benefits of the Proposed Acquisitions	(i) Enable our Group, through FGVPI and FHB, to have control over the Target Companies' operations, management and decision making. In addition, the Proposed Acquisitions will also allow our Group to streamline the business operations of the Target Companies and to facilitate faster decision-making, which better align with our Group's strategic direction. (ii) Streamline the ownership structure of our Group's palm-oil manufacturing entities under the FGVPI Group to enhance operational efficiency, reduce redundancies and to optimise streamline the entire production process. (iii) Facilitate turnaround efforts to be undertaken by our Group to improve FGVR's liquidity position and reducing its cost of debt. (iv) Centralise our Group's ancillary services entities (including IT, logistics and transportation, and security services) under the FHB Group. (v) Provide the Group the opportunity to improve the R&D effectiveness, eliminating duplications and focusing the R&D efforts with the Group's strategic direction.	Section 4

Key information	Summary	Reference to Part A of this Circular
	(vi) Address the capital structure and liquidity issues of FGVRI, while facilitating our Group to execute its turnaround efforts with potential to FGVRI's future profitability.	
Risk factors of the Proposed Acquisitions	(i) Completion risk The completion of the Proposed Acquisitions is subject to, among others, the fulfilment of the conditions precedent in the respective SSAs as set out in **Appendix I** of this Circular and obtaining the approvals required for the Proposed Acquisitions as set out in **Section 9 of Part A** of this Circular. (ii) Financing and interest rate risk The Proposed Acquisitions will be 61% financed by new bank borrowings and 39% by internally generated funds. Therefore, we may be exposed to fluctuations in interest rate and repayment commitments. (iii) Business and operational risk The Proposed Acquisitions would further expose our Group to risks inherent to the oil palm industry. Some of these risks may include, among others, adverse changes in the economic, social and political conditions, fluctuations in consumer demand and commodity prices, and increase in labour and / or other production costs. (iv) Restructuring and transformation risk Potential operational disruptions, change management challenges, labour disputes, employee dissatisfaction and transitional inefficiencies that may temporarily impact performance and delay the realisation of synergies.	Section 6
Approvals / Consent required	The Proposed Acquisitions are subject to the following being obtained: (i) approval of the directors and members of KPF in respect of the Proposed Acquisitions, if required; (ii) approval of the non-interested Shareholders of FGV at the forthcoming EGM; and (iii) approval, waiver and / or consent of any other relevant authorities and/or parties, if required.	Section 9

Key information	Summary	Reference to Part A of this Circular
Interests of Directors, Major Shareholders and / or persons connected with them	The Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Acquisitions at the relevant Board meetings pertaining to the Proposed Acquisitions. The Interested Major Shareholders and Interested Directors will abstain from voting in respect of their direct and / or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM. Further, the Interested Major Shareholders and Interested Directors have also undertaken to ensure their person connected will also abstain from voting in respect of its direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.	Section 10
Directors' statement and recommendation	The Board (save for the Interested Directors), after having considered all aspects of the Proposed Acquisitions including but not limited to the salient terms of the SSAs, basis and justification for the Purchase Consideration, rationale, benefits and effects of the Proposed Acquisitions, and the views of QuantePhi, is of the view that the Proposed Acquisitions are in the best interest of our Company.	Section 11
Audit Committee's statement	The Audit Committee of our Company, after having considered all aspects of the Proposed Acquisitions, including the salient terms of the SSAs, rationale, benefits and effects of the Proposed Acquisitions, and the views of the independent adviser, QuantePhi, is of the view that the Proposed Acquisitions are: (i) in the best interest of our Company; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the non-interested Shareholders.	Section 12

PART A

LETTER TO THE SHAREHOLDERS OF FGV IN RELATION TO THE PROPOSED ACQUISITIONS

FGV HOLDINGS BERHAD
Reg No. 200701042133 (800165-P)
(Incorporated in Malaysia)

Registered Office
Level 21, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

11 June 2025

Board of Directors

Tan Sri Rastam bin Mohd Isa	*(Non-Independent Non-Executive Chairman)*
Dato' Shahrol Anuwar bin Sarman	*(Non-Independent Non-Executive Director)*
Datuk Abdul Halim bin Hamzah	*(Non-Independent Non-Executive Director)*
Dato' Dr Suzana Idayu Wati binti Osman	*(Non-Independent Non-Executive Director)*
Mohamad Fadzil bin Hitam	*(Independent Non-Executive Director)*
Nurul Muhaniza binti Hanafi	*(Independent Non-Executive Director)*
Azizan bin Zakaria	*(Independent Non-Executive Director)*
Rozainah binti Awang	*(Independent Non-Executive Director)*

To: Our shareholders

Dear Sir / Madam,

PROPOSED ACQUISITIONS

---

1. INTRODUCTION

On behalf of the Board, Maybank IB announced that FGVPI, and FHB, had on 23 May 2025, entered into the following agreements for the Proposed Acquisitions:

(i) a conditional share sale agreement between FGVPI and KPF for the following:

(a) proposed acquisition of 4,000,000 ordinary shares in FGVKP representing 16.67% of the issued share capital of FGVKP, for a cash consideration of RM12,937,998;

(b) proposed acquisition of 38,333,333 enlarged ordinary shares in FGVR (post-capital injection amounting to RM40,000,000 by the existing shareholders of FGVR), representing 33.33% of the issued share capital of FGVR, for a cash consideration of RM17,894,835; and

(c) proposed acquisition of 8,330,000 ordinary shares in FGVMS, representing 49.00% of the issued share capital of FGVMS, for a cash consideration of RM23,863,886.

(ii) a conditional share sale agreement between FHB and KPF for the following:

(a) proposed acquisition of 15,000,000 ordinary shares in FGVAS, representing 23.08% of the issued share capital of FGVAS, for a cash consideration of RM62,439,688;

(b) proposed acquisition of 14,700,000 ordinary shares in FGVTS, representing 49.00% of the issued share capital of FGVTS, for a cash consideration of RM77,904,156;

(c) proposed acquisition of 1,411,200 ordinary shares in FGVSS, representing 49.00% of the issued share capital of FGVSS, for a cash consideration of RM17,234,444;

(d) proposed acquisition of 2,500,000 ordinary shares in FGVPS, representing 20.00% of the issued share capital of FGVPS, for a cash consideration of RM17,476,344; and

(e) proposed acquisition of 59,539,917 enlarged ordinary shares in FGVRI, (post-capital injection amounting to RM166,389,708 by the existing shareholders of FGVRI), representing 28.57% of the issued share capital of FGVRI, for a nominal cash consideration of RM1.

The Proposed Acquisitions are deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, we had, on 7 February 2025, appointed QuantePhi to act as the Independent Adviser to advise our non-interested Directors and non-interested shareholders on the Proposed Acquisitions. The IAL from QuantePhi in relation to the Proposed Acquisitions is set out in **Part B** of this Circular.

Further details of the Proposed Acquisitions are set out in the ensuing sections of **Part A** of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITIONS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE RECOMMENDATION OF THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED ACQUISITIONS AS SET OUT IN PART B OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions entail the acquisition by FGVPI and FHB of the remaining equity interest in the respective Target Companies, as follows:

Name of Target Companies	Equity interest to be acquired by FGVPI	Purchase consideration
	(%)	(RM)
<u>**Pursuant to the Proposed Acquisitions 1**</u>		
FGVKP	16.67	12,937,998
FGVR	33.33	17,894,835
FGVMS	49.00	23,863,886
	Subtotal	**54,696,719**

Name of Target Companies	Equity interest to be acquired by FHB	Purchase consideration
	(%)	(RM)
<u>**Pursuant to the Proposed Acquisitions 2**</u>		
FGVAS	23.08	62,439,688
FGVTS	49.00	77,904,156
FGVSS	49.00	17,234,444
FGVPS	20.00	17,476,344
FGVRI	28.57	1
	Subtotal	**175,054,633**
	Total	**229,751,352**

Accordingly, the aggregate Purchase Consideration for the Proposed Acquisitions is RM229,751,352.

The Proposed Acquisitions are subject to the terms and conditions of the respective SSAs, the salient terms of which are set out in **Appendix I** of this Circular.

Pursuant to the SSAs, the Vendor shall sell the Sale Shares to FGVPI and/or FHB free from all encumbrances and together with all rights and benefits attached thereto at the Purchase Consideration which shall be satisfied wholly in cash in the following manner:

(i) a deposit payment which is equivalent to 10% of the Purchase Consideration shall be paid to the stakeholder within seven (7) days upon signing of the respective SSAs(1);

(ii) a subsequent payment which is equivalent to 10% of the Purchase Consideration shall be paid to the stakeholder within seven (7) days upon obtaining the approval of the shareholders of FGV at the forthcoming EGM; and

(iii) the balance Purchase Consideration which is equivalent to 80% of the Purchase Consideration shall be paid to the Vendor upon completion of the SSAs respectively.

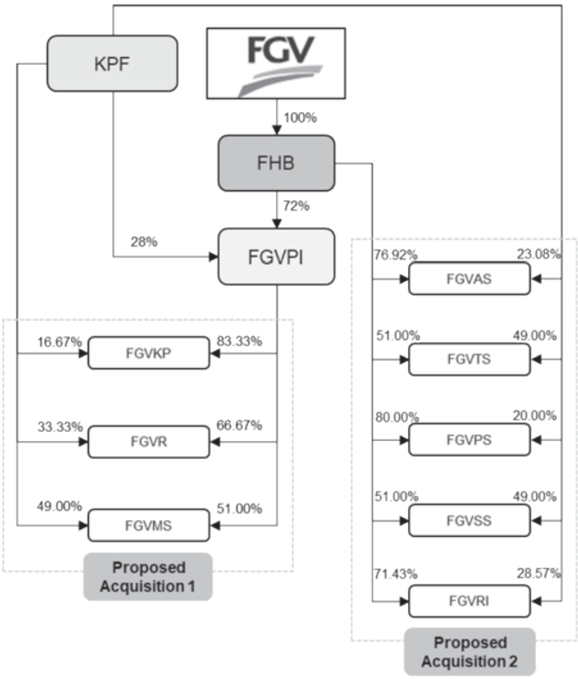
Upon completion of the Proposed Acquisitions, the Target Companies will become wholly-owned subsidiaries of FGVPI or FHB, where applicable.

Note:

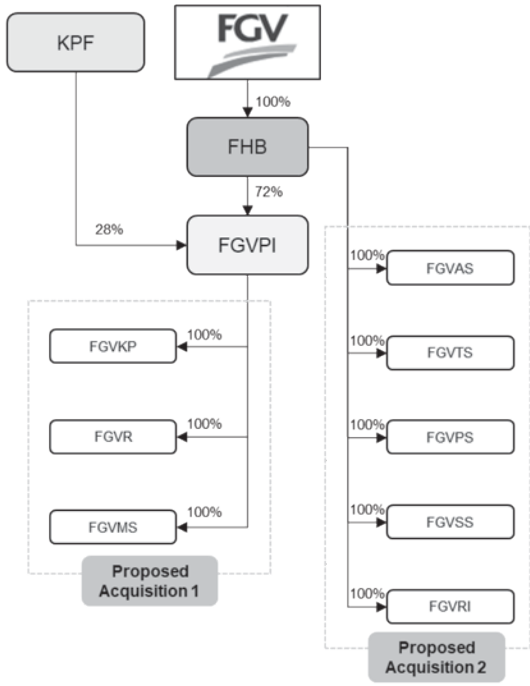
*(1) The deposit of approximately RM5.5 million and RM17.5 million respectively under the SSA 1 and SSA 2, originally due on 30 May 2025, was only paid to the stakeholder on 6 June 2025 after obtaining written consent and confirmation from FELDA. Such arrangement was mutually agreed upon by the parties pursuant to the matter as set out in **Section 16 of Part A** of this Circular.*

The shareholding structure of the Target Companies before and after the Proposed Acquisitions is as follows:

<u>As at the LPD</u>



<u>After the Proposed Acquisitions</u>



2.1 Information on the Target Companies

Information on the Target Companies is set out in **Appendices II to IX** of this Circular.

2.2 Information on the Vendor

KPF was established in Malaysia on 1 July 1980 under the Co-operative's Ordinance 1948 (repealed by Co-operative Societies Act 1993) (Act 502). The establishment of KPF was initiated by FELDA via its board of directors' meeting (No. 102) held on 5 January 1980. KPF was established with the following key objectives: (i) encourage and promote savings among members; (ii) provide investment facilities for the saved funds; (iii) improve the economic status of members through savings and investment activities; and (iv) offer Shariah-compliant financing facilities to members. To achieve these objectives, KPF conducts investment activities in accordance with the Act 502 and the KPF by-laws. Its investment portfolio includes plantations, properties, corporate investments, capital market, banking and financial services. As at the LPD, the total issued share capital of KPF is RM2,253,856,097 comprising 2,253,856,097 ordinary shares.

For information purpose, KPF does not have any substantial shareholder and is mainly owned by its co-operative members who invest in its share capital. As at the LPD, the co-operative members of KPF are FELDA settlers, together with their wives and children, co-operatives of FELDA settlers registered under the Co-operative Societies Act 1993 as primary co-operatives or secondary co-operatives, employees of FELDA together with their wives and children, co-operatives of employees of FELDA and co-operatives established by FELDA.

The board members of KPF are Dato' Mohd Banuri bin Aris, Siti Zaroha binti Nasharuddin, Mohd Helmi Fakhzan bin Abd Wahab, Hasrin bin Ismail, Dato' Zainal Abidin bin Ahmad, Dato' Ramli bin Ismail, Dato' Zakaria bin Arshad, Shamsuddin bin Othman, Dato' Muhamad Rizal bin Abdul Rahim, Hasbullah bin Muhamad, Dr. Mohd Faisal bin Mustaffa and Sulong Jamil bin Mohamed Shariff.

2.3 Original cost of investment

The original cost and date of investment in the Target Companies made by the Vendor are as follows:

Target Company	Date of investment	No. of ordinary shares	Cost of investment	
			(RM)	(RM per share)
FGVKP	Between December 1995 to January 1999	4,000,000	3,000,000	0.75
FGVR	2 August 2004	25,000,000	34,500,000	1.38
FGVMS	Between December 1995 to January 1997	8,330,000	3,565,000	0.43
FGVAS	9 August 2004	15,000,000	55,500,000	3.70
FGVTS	Between December 1995 to January 1999	14,700,000	6,770,000	0.46
FGVSS	Between December 1995 to January 2003	1,411,200	353,000	0.25
FGVPS	24 November 2004	2,500,000	16,825,000	6.73
FGVRI	Between December 1995 to July 1999	12,000,000	6,000,000	0.50

2.4 Source of funding and the breakdown

The Purchase Consideration will be funded via a combination of new bank borrowings and/or internally generated funds, the proportion of which is as follows:

	(RM' million)	%
New bank borrowings	140.0	60.9
Internally generated fund	89.7	39.1
Total	**229.7**	**100.0**

We will issue sukuk murabahah of up to RM200.0 million in nominal value under our existing sukuk murabahah programme. On 9 June 2025, Maybank Islamic Berhad has obtained approval to subscribe up to RM200.0 million from the issuance of sukuk under our existing sukuk murabahah programme. The proceeds from the said issuance of the sukuk will be used to partly fund the Purchase Consideration and the expenses relating to the Proposed Acquisitions.

For information purpose, our Group's cash and cash equivalents stood at approximately RM1.73 billion based on the latest audited financial statements of our Group for the FYE 31 December 2024.

2.5 Additional financial commitment

There is no financial commitment required to put the Target Companies on-stream following the completion of the Proposed Acquisitions in view that the Target Companies are already in operations.

2.6 Liabilities to be assumed

The Target Companies are existing subsidiaries of our Group. As such, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group arising from the Proposed Acquisitions.

3. BASIS AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

The respective purchase consideration for the Proposed Acquisitions was arrived at a "willing-buyer willing-seller" basis, after taking into consideration the following:

(i) aggregated audited NA of the Target Companies of RM220.0 million and RM513.6 million as at 31 December 2024 in accordance with the SSA 1 and SSA 2 respectively; and

(ii) adjustments arising from dividends and capital injection which are provided for in the SSAs.

The proportionate adjusted NA for each of the Target Companies was arrived at as follows:

Proposed Acquisitions 1[(1)]

	FGVKP (RM' million)	FGVR (RM' million)	FGVMS (RM' million)
Audited NA as at 31 December 2024	157.6	13.7	48.7
Add: Capital injection[(4)]	-	40.0	-
Less: Dividend	(80.0)	-	-
Adjusted NA	77.6	53.7	48.7
Equity interest to be acquired (%)	16.7	33.3	49.0
Proportionate adjusted NA to be acquired / purchase consideration	12.9	17.9	23.9
Total purchase consideration for the Proposed Acquisitions 1		**54.7**	

Proposed Acquisitions 2[(1)]

	FGVAS	FGVTS	FGVSS	FGVPS	FGVRI
	(RM' million)	(RM' million)	(RM' million)	(RM' million)	(RM' million)
Audited NA as at 31 December 2024	398.4	187.0	35.2	87.4	(194.4)
Add: Capital injection[(4)]	-	-	-	-	166.4
Less: Dividend	(182.0)	(28.0)	-	-	-
Adjusted NA	216.4	159.0	35.2	87.4	(28.0)
Equity interest to be acquired (%)	23.1	49.0	49.0	20.0	28.6
Proportionate adjusted NA to be acquired	50.0	77.9	17.2	17.5	(8.0)
Purchase consideration	62.4[(2)]	77.9	17.2	17.5	-[(3)]
Total purchase consideration for the Proposed Acquisitions 2			**175.1**		

Notes:

(1) *Any discrepancy between the figure in the table and the actual amount are due to rounding adjustments.*

(2) *Purchase consideration represents a premium of approximately 25%, taking into consideration, among others, FGVAS' track record of consistent profits and dividend payments. Further, FGVAS is one of the largest producers of oil palm seeds in Malaysia supplying over 25 million seeds per annum including award winning Yangambi ML161 which commands a significant market share of the local seeds market. The purchase consideration also translates to a PER of 6.6 times which is below that of the average PER for comparable companies in the plantation industry as listed below.*

For the past 3 FYEs 31 December 2022 to 31 December 2024, FGVAS declared and paid the following dividends:

	FYE 31 December 2022	***FYE 31 December 2023***	***FYE 31 December 2024***
	RM'000	***RM'000***	***RM'000***
Dividends declared and paid	*45,045*	*16,250*	*31,200*
PAT	*63,549*	*22,833*	*40,627*
Dividend payout over PAT (%)	*70.9*	*71.2*	*76.8*

Please refer to ***Section 7 of Appendix V*** *of this Circular for summary financial information of FGVAS for the past 3 FYEs 31 December 2022 to 31 December 2024.*

(3) *Nominal value of RM1, as FGVRI has a net liabilities position.*

(4) *The capital injections are to be undertaken as part of the pre-Completion obligations under the SSAs as set out in **Appendix I** of this Circular. The capital injections in FGVR and FGVRI will be utilised for the repayment of their existing debts as part of the shareholders' effort to develerage and strengthen FGVR and FGVRI's financial position.*

In justifying the Purchase Consideration, the Board (save for the Interested Directors) has also taken into consideration the following:

(i) internal assessment by the management of our Company based on the comparable trading multiple analysis. Given that the Proposed Acquisitions are inter-conditional, the Purchase Consideration is assessed on an aggregated basis and represents an implied PER of approximately 7.7 times. The PER is derived based on the Purchase Consideration over RM29.9 million, being the total proportionate latest audited PAT of the Target Companies for the FYE 31 December 2024(1), which falls below the range of PERs of the listed plantation companies as set out below:

Comparable company(2)	**Principal activities**	**Last traded price as at the LPD**	**Earnings per share**(3)	**PER**(4)
		(RM)	**(RM)**	**(Times)**
SD Guthrie Berhad	The principal activities of the company are in the production, processing, refining, marketing, distribution, and sales of palm oil and palm kernel oil, specialty fats, edible oils, rubber, other palm oil related products, and various other agriculture related products.	4.48	0.36	12.4
IOI Corporation Berhad	The principal activity of the company is investment holdings while its subsidiaries are principally engaged in oil palm cultivation and processing; commodities trading and refinery; manufacture and sales of fatty acids and other oleochemical products, and various other related businesses.	3.60	0.23	15.7
United Plantations Berhad	The principal activities of the company are in oil palm and coconut cultivation and processing, refining of palm oil, manufacturing of edible oils and fats, trading in crude palm oil and palm kernel products, and R&D activities.	22.76	1.20	19.0

Comparable company[2]	Principal activities	Last traded price as at the LPD	Earnings per share[3]	PER[4]
		(RM)	(RM)	(Times)
Genting Plantations Berhad	The principal activities of the company are plantation and provision of management services to its subsidiaries while its subsidiaries are principally engaged in plantation, property development and investment, genomics R&D, and downstream manufacturing and sale of palm oil derivative products.	4.90	0.38	12.9
Johor Plantations Group Berhad	The principal activities of the company are investment holding and the production of palm oil and palm kernels, while its subsidiaries are principally engaged in refining and trading of oil palm and palm oil products, production of bio-methane, and sales of other plantation products and services	1.17	0.12	9.8
Kim Loong Resources Berhad	The company and its subsidiaries are principally involved in investment holding, cultivation of oil palm, processing of oil palm FFB, marketing of oil palm products, processing of oil palm fibre and biogas and power generation.	2.24	0.17	13.2
Far East Holdings Berhad	The principal activities of the company and its subsidiaries are in investment holdings, cultivation of oil palms, production and sales of FFB, crude palm oil and palm kernel, manufacturing and exporting of palm oil and palm oil derivative products, and R&D activities.	3.59	0.35	10.3

Comparable company[(2)]	Principal activities	Last traded price as at the LPD	Earnings per share[(3)]	PER[(4)]
		(RM)	(RM)	(Times)
TSH Resources Berhad	The principal activities of the company are investment holding and forest plantation while its subsidiaries are primarily involved in investment holding, oil palm cultivation and processing, electricity generation from biomass plants, forest plantation, and manufacture and sales of downstream wood products.	1.08	0.12	9.0
United Malacca Berhad	The principal activities of the company are cultivation of oil palm and investment holding while its subsidiaries are primarily involved in investment holding, cultivation of oil palm, palm oil milling, agroforestry plantations and providing management consultancy services.	5.10	0.42	12.1
Minimum				**9.0**
Maximum				**19.0**
Average				**12.7**

(Source: Capital IQ and company filings)

Notes:

(1) *Excluding FGVRI which recorded a LAT amounting to RM44.6 million for the FYE 31 December 2024.*

(2) *The comparable companies are listed on the Main Market of Bursa Securities and were selected based on their respective principal activities in the plantation industry, with plantation-related activities which are broadly comparable to the activities of the Target Companies collectively, as there are no local/foreign listed companies involved specifically in the part of the plantation value chain as the Target Companies.*

Comparable companies with (i) market capitalisation of less than RM1.0 billion as at the LPD; (ii) plantation operations that are predominantly or solely based in East Malaysia; and (iii) non-meaningful PER multiples due to reported losses, or outliers with PER multiples that are considerably higher or lower than market average, have been excluded. The comparable companies may not be directly comparable to the Target Companies due to, among others, composition and breadth of business activities, scale of business, profit track record, financial position, risk profile, future prospects and other factors. The comparable companies have also been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only.

(3) *Based on the latest trailing twelve (12)-month financial results for the respective comparable companies, being the latest available financial results as at the LPD.*

(4) *Computed by dividing the last traded price as at the LPD with the earnings per share based on the latest trailing twelve (12)-month financial results for the respective comparable companies.*

The Board takes cognisance of the specific part of the plantation value chain in which the Target Companies are involved as well as the lack of marketability of their shares as they are unlisted as compared to the publicly traded comparable companies above, which is reflected in the implied PER of approximately 7.7 times being well below the range of PERs and significantly below the average PERs of the comparable companies.

(ii) rationale and benefits of the Proposed Acquisitions as set out in **Section 4 of Part A** of this Circular; and

(iii) prospects of the Target Companies as set out in **Section 5.3 of Part A** of this Circular.

4. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITIONS

Upon completion of the Proposed Acquisitions, the Target Companies will become wholly-owned subsidiaries of FGVPI and its group of companies ("**FGVPI Group"**) / FHB and its group of companies ("**FHB Group**"). This will enable our Group, through FGVPI and FHB to have control over the Target Companies' operations, management and decision making. In addition, the Proposed Acquisitions will also allow our Group to streamline the business operations of the Target Companies and to facilitate faster decision-making, which better align with our Group's strategic direction.

The Proposed Acquisitions 1 is undertaken to streamline the ownership structure of our Group's palm–oil manufacturing entities under the FGVPI Group to enhance operational efficiency, reduce redundancies, and to optimise the entire production process. In addition, the Proposed Acquisitions 1 will facilitate turnaround efforts to be undertaken by our Group to improve FGVR's liquidity position and reducing its cost of debt.

The Proposed Acquisitions 2 is undertaken to centralise our Group's ancillary services entities IT, logistics and transportation, and security services) under the FHB Group. By undertaking the Proposed Acquisitions 2, the FGV Group will also be able to have a better position in planning, scheduling and allocating resources across the abovementioned supporting functions.

The acquisition of FGVAS provides our Group the opportunity to improve our R&D effectiveness, eliminating duplications and focusing our R&D efforts with the Group's strategic direction. An effective R&D funding mechanism shall be established within the Group in order to weather challenges and to adapt to the evolving business landscape.

On the other hand, the Proposed Acquisitions 2 shall address the capital structure and liquidity issues of FGVRI, facilitating the Group to execute its turnaround efforts with potential to improve FGVRI's future profitability.

Premised on the above and the favourable outlook of the oil palm industry in Malaysia as set out in **Section 5 of Part A** of this Circular, the Proposed Acquisitions are expected to contribute positively to the future earnings of our Group, thus enhancing FGV's shareholders value in the medium to long term.

5. OVERVIEW, PROSPECTS AND FUTURE PLANS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.4% in the first quarter of 2025 (4Q 2024: 4.9%), driven by the steady expansion in domestic demand. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower mining exports. This was partially offset by stronger electrical and electronics (E&E) exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

On the supply side, growth was driven by the services and manufacturing sectors. Services sector was supported by higher Government services while strong E&E production underpinned the performance in the manufacturing sector. However, normalisation in motor vehicle sales and production following strong performances over the last three years affected the growth of services and manufacturing sectors respectively. Overall growth was also weighed down by a contraction in the mining sector amid lower oil and gas production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.7% (4Q 2024: -0.2%).

Headline inflation moderated to 1.5% in the first quarter (4Q 2024: 1.8%). The moderation was largely due to lower utilities inflation at 3.0% (4Q 2024: 18.1%). This followed the dissipation of the effects of earlier water tariff adjustments and higher electricity charges for high-usage households in 1Q 2024. Inflation in mobile communication services continued to decline, averaging at -13.5% (4Q 2024: -10%). Core inflation, however, edged higher to 1.9% (4Q 2024: 1.7%). It was driven mainly by rental inflation, which rose to 2.1% (4Q 2024: 1.7%). Inflation pervasiveness, measured by the share of Consumer Price Index (CPI) items recording monthly price increases, experienced an uptick amid seasonal menu price adjustments. Nonetheless, it remained well below the long-term average for the first quarter (43.3%; 4Q 2024: 39.8%; 1Q 2011-2019: 52.2%).

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025, Bank Negara Malaysia)

The economy growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country’s strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives.

A pertinent initiative which is GEAR-uP, will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia’s economy.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

5.2 Overview and outlook of palm oil industry in Malaysia

The Malaysian oil palm industry experienced a mixed performance in 2024 compared to the previous year. The oil palm planted area saw a slight decline, primarily due to ongoing site preparations for replanting initiatives, as well as the conversion of oil palm land to alternative agricultural or developmental uses, such as coconut cultivation and residential, commercial, or industrial projects.

Crude palm oil (CPO) production, however, saw a modest increase of 4.2%, reaching 19.34 million tonnes, up from 18.55 million tonnes in 2023. This growth was driven by improved labour availability in the plantation sector, which shortened harvesting intervals and enhanced maintenance activities. Additionally, the more efficient labour situation contributed to a 5.8% rise in FFB yield, which reached 16.70 tonnes per HA, compared to 15.79 tonnes per HA in 2023.

On the other hand, the oil extraction rate (OER) declined by 1.0%, falling to 19.67% from 19.86% in 2023. This reduction was largely due to a lower proportion of ripe and high-quality FFB being processed by palm oil mills. Furthermore, adverse weather conditions, particularly heavy rainfall in June, July, and the last quarter of the year, led to flooding in certain areas, further affecting OER performance.

The decrease in palm oil stocks was a result of higher export activity. In 2024, Malaysia's palm oil exports rose to 16.90 million tonnes, up from 15.14 million tonnes in 2023. India remained the largest importer of Malaysian palm oil for the 11th consecutive year, receiving 3.03 million tonnes, or 17.9% of total exports. Other significant markets included China (1.39 million tonnes, 8.2%), the European Union (1.29 million tonnes, 7.7%), Kenya (1.26 million tonnes, 7.5%), Turkiye (0.91 million tonnes, 5.4%), the Philippines (0.69 million tonnes, 4.1%), and Japan (0.60 million tonnes, 3.6%). These seven markets collectively accounted for 54.2% of total Malaysian palm oil exports in 2024, amounting to 9.17 million tonnes.

The average prices of oil palm products continued their upward trend in 2024, driven primarily by stronger export demand, lower palm oil stocks, and Indonesia's planned implementation of the B40 biofuel program in 2025. The average CPO price increased by 9.7%, reaching RM4,179.50 per tonne, compared to RM3,809.50 in 2023. The highest and lowest monthly average CPO prices were recorded in December and January, at RM5,119.50 per tonne and RM3,783.50 per tonne, respectively.

The prices of palm kernel and crude palm kernel oil also saw significant increases, rising by 31.2% to RM2,645.50 per tonne and RM5,475.50 per tonne, respectively. This surge was driven by supply tightness and higher lauric oil prices in the global market. The average price of FFB at 1% OER rose by 13.5%, or RM5.36, to RM44.98 per tonne, compared to RM39.62 per tonne the previous year, thereby boosting the income of both smallholders and estates.

As a result of the higher CPO prices, total export earnings surged by 15.2%, reaching RM109.39 billion, up from RM94.95 billion in 2023.

Palm oil ending stocks closed lower in December 2024 after three consecutive years of increases, reaching 1.71 million tonnes-a decline of 0.58 million tonnes, or 25.4%, compared to 2.29 million tonnes in December 2023. This decrease was driven by a reduction in palm oil imports by 0.65 million tonnes, along with a 1.77 million tonne increase in palm oil exports compared to the previous year.

(Source: Overview of the Malaysian Oil Palm Industry in 2024, Malaysia Palm Oil Board)

The direction of palm oil prices in 2025 will largely depend on the export supply dynamics of Malaysia and Indonesia, along with policy shifts in the United States of America and Indonesia. In Malaysia, palm oil production is anticipated to remain steady at 19.5 million tonnes in 2025, while Indonesia is projected to recover by approximately 2 million tonnes, reaching 48 million tonnes. However, the recovery in Indonesia's production is anticipated to be fully absorbed by the increased demand for B40 biodiesel blending. Therefore, export supplies from both Malaysia and Indonesia are unlikely to see significant growth.

(Source: Palm Oil Price Outlook in 2025: Policy Shifts to Drive Price Movements, Malaysia Palm Oil Council)

5.3 Prospects of the Target Companies

As set out in **Section 4 of Part A** of this Circular, the Proposed Acquisitions will result in the Target Companies becoming wholly-owned subsidiaries of FGVPI or FHB, where applicable. This will enable the Group to have a better control in the Target Companies, allowing for greater operational control, faster decision-making, and alignment with our Group's strategic direction. The future performance of our enlarged Group will depend on the overall outlook of the oil palm industry and our Group's ability to effectively manage, transform, and optimise the operations of the acquired entities.

The Proposed Acquisitions 1, through a more streamlined operations are expected to improve the FGVPI Group's performance as it will obtain full ownership of FGVKP and FGVR which are involved in palm products manufacturing. Additionally, our Group intends to consolidate debt and financial management of the entities within the FGVPI Group which will support improved financial planning, cash flow management, budgeting, and performance monitoring across the operations.

FGVMS, through its dormant subsidiary, P.T. Cashgrow Ventures ("**PTCGV**"), holds an export licence for purchasing and exporting crude palm oil (CPO) from the Indonesian market. The export licence remains valid since 21 May 2015 and does not subject to any renewal requirements. For the avoidance of doubt, PTCGV remains dormant as at the LPD, and FGVMS does not derive any income from the Indonesian market. All of FGVMS' revenue is generated from FGVKP, by providing marketing services related to palm kernel products to FGVKP. Any plans or strategies relating to the potential re-entry to the Indonesian market are subject to review upon completion of the Proposed Acquisitions.

Proposed Acquisitions 2 is aimed at centralising our Group's ancillary services, which include IT, logistics and transportation, and security services. Full control would allow our Group to streamline service delivery and enhance margin capture from support functions such as logistics and IT. The Proposed Acquisitions 2 would allow our Group to improve logistics efficiency of FGVTS through better fleet utilisation and route optimisation as well as positioning FGVTS as a third-party logistics service provider to grow its external revenue.

FGVPS will continue to support our Group's digital adoption through enterprise information and communication technology (ICT), automation, artificial intelligence (AI) and smart agriculture solutions, with potential to scale its offerings to external markets, whilst FGVSS will continue to focus on strengthening our Group's internal security operations through improved workforce deployment and training programmes, reinforcing our Group's resilience.

With full control of FGVAS, our Group will be better positioned to streamline R&D activities across the organisation. This will enhance efforts in product innovation, process improvement, and addressing key industry challenges such as labour shortages. Our Group anticipates that full control of FGVAS will not only enhance operational efficiency but also strengthen FGVAS' long-term competitiveness and reinforce its value proposition as one of the largest producers of oil palm seeds in Malaysia.

In respect to FGVRI, which is currently operating at a loss, our Group intends to implement a five-year turnaround plan in the fourth quarter of 2025 focused on improving our financial performance and achieving profitability.

6. RISK FACTORS

Save as disclosed below, the Board does not foresee any new risks which our Company is not already exposed to since the Target Companies are existing subsidiaries of our Group and operate in a similar industry as our Group:

(i) Completion risk

The completion of the Proposed Acquisitions is subject to, among others, the fulfilment of the conditions precedent in the respective SSAs as set out in **Appendix I** of this Circular and obtaining the approvals required for the Proposed Acquisitions as set out in **Section 9 of Part A** of this Circular.

There can be no assurance that the aforementioned conditions and approvals will be satisfied, waived or obtained, as the case may be, within the stipulated timeframe or any of the termination events will not occur such that the Proposed Acquisitions cannot be completed. Any delay in the fulfilment of the conditions precedent and obtaining the approvals required for the Proposed Acquisitions may lead to a delay in the completion and/or termination of the Proposed Acquisitions and non-realisation of the benefits expected to be realised from the Proposed Acquisitions.

Notwithstanding, our Company will take all necessary and reasonable steps to ensure the fulfilment of the conditions precedent in the respective SSAs which are within our Company's control within the stipulated timeframe as well as mitigate the occurrence of any of the termination events that are within our Company's control to complete the Proposed Acquisitions.

(ii) Financing and interest rate risk

The Proposed Acquisitions will be 61% financed by new bank borrowings and 39% by internally generated funds. We will issue sukuk murabahah of up to RM200.0 million in nominal value under our existing sukuk murabahah programme. On 9 June 2025, Maybank Islamic Berhad has obtained approval to subscribe up to RM200.0 million from the issuance of sukuk under our existing sukuk murabahah programme. The proceeds from the said issuance of the sukuk will be used to partly fund the Purchase Consideration and the expenses relating to the Proposed Acquisitions. Therefore, we may be exposed to fluctuations in interest rate and repayment commitments. Any adverse movement in the interest rates may lead to higher borrowing costs which consequently may adversely affect the cash flows of our Group and our Group's financial performance in the future and ability to service its financial obligations. Nevertheless, we will continue to monitor and review its debt portfolio, which takes into consideration our Group's gearing level, financing currency, interest costs as well as cash flows to ensure that its financial position and credit profile remains strong and sustainable.

(iii) Business and operational risk

The Proposed Acquisitions would further expose our Group to risks inherent to the oil palm industry. Some of these risks may include, among others, adverse changes in the economic, social and political conditions, fluctuations in consumer demand and commodity prices, and increase in labour and/or other production costs.

Our Group's revised commercial and sales strategy across the Target Companies is expected to create growth opportunities. However, there is no assurance that the anticipated benefits will materialise if market response, customer demand, or competitive dynamics differ significantly from expectations.

Our Group remains exposed to evolving environmental, social, and governance (ESG) compliance requirements, including international trade regulations such as Roundtable on Sustainable Palm Oil (RSPO) standards and EU Deforestation Regulation (EUDR), which may impact market access and operational costs.

With respect to FGVRI, FGV Group remains exposed to ongoing volatility in the global rubber market, which continues to face pressure from subdued pricing trends and soft export demand. These external factors may impede our Group's efforts to accelerate the recovery and improve the performance of the rubber segment, despite internal strategic measures.

Any unfavourable developments in these market conditions may have an adverse material effect on the oil palm and rubber industries industry in Malaysia and our Group. Nonetheless, such risks will be addressed as part of our Group's ordinary course of business as our Group is already involved in oil palm plantation and its related downstream activities, sugar refining, trading, logistics, marketing, rubber processing, R&D activities, and related agribusiness activities.

(iv) Restructuring and transformation risk

The Proposed Acquisitions are intended to enhance the long-term resilience and competitiveness of the Target Companies by revitalising underperforming assets through operational streamlining, workforce realignment, and financial rehabilitation. However, our Group remains exposed to execution risks associated with these initiatives, including potential operational disruptions, change management challenges, labour disputes, employee dissatisfaction and transitional inefficiencies that may temporarily impact performance and delay the realisation of synergies.

FGVRI in particular, is in a distressed financial position, characterised by accumulated losses, elevated debt levels, and negative equity. A five-year turnaround plan has been initiated to stabilise and reposition the company. While these measures are expected to yield gradual improvements, their success is contingent upon effective implementation, stringent cost controls, and a recovery in demand across the rubber and downstream segments.

Notwithstanding these risks, our Group will continue to closely monitor the progress of transformation efforts and implement appropriate risk mitigation strategies to support their execution and the achievement of long-term value. Our Group will also maintain proactive engagement with stakeholders and manage change transitions in accordance with applicable laws and sound industrial best practices.

7. EFFECTS OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions will not have any effect on the issued share capital and substantial shareholders' shareholding of our Company as the Proposed Acquisitions do not involve the issuance of new FGV Shares.

7.1 NA per FGV Share and gearing

For illustrative purposes only, based on the audited consolidated statements of financial position of FGV as at 31 December 2024 and assuming that the Proposed Acquisitions had been effected on that date, the pro forma effect of the Proposed Acquisitions on the NA per FGV Share and gearing of our Group are as follows:

	Audited as at 31 December 2024	**After the Proposed Acquisitions**
	RM'000	**RM'000**
Share capital	7,029,889	7,029,889
Foreign exchange reserve	108,107	108,107
Reorganisation reserve	(3,089,497)	(3,089,497)
Other reserves	(3,549)	(3,549)
Retained earnings	2,059,338	2,033,487[(1)]
Equity attributable to owners of our Company / NA	**6,104,288**	**6,078,437**
No. of FGV Shares in issue ('000)	3,648,152	3,648,152
NA per FGV Share (RM)[(2)]	1.67	1.67
Total borrowings	3,747,635	3,887,678[(3)]
Gearing (times)[(4)]	0.61	0.64

Notes:

(1) The computation is set out below:

	RM'000
Audited retained earnings as at 31 December 2024	*2,059,338*
Purchase Consideration	*(229,751)*
Estimated expenses relating to the Proposed Acquisitions	*(750)*
*Adjustments on the non-controlling interests ("**NCI**") of the Target Companies*	*204,650*
Pro forma retained earnings after the Proposed Acquisitions	***2,033,487***

(2) Computed based on NA divided by the number of FGV Share in issue.

(3) After taking into consideration the Purchase Consideration that will be partly funded via bank borrowings of approximately RM140.0 million. The discrepancy between the figure in the table and the actual amount are due to rounding adjustments.

(4) Computed based on total borrowings divided by NA.

7.2 Earnings and earnings per FGV Share ("EPS")

For illustrative purposes only, based on the audited consolidated statements of profit or loss and other comprehensive income of our Company for the FYE 31 December 2024 and assuming that the Proposed Acquisitions had been effected on 1 January 2024, being the beginning of the FYE 31 December 2024, the pro forma effect of the Proposed Acquisitions on the earnings of our Group and EPS are as follows:

	FYE 31 December 2024	After the Proposed Acquisitions
	RM'000	**RM'000**
PATAMI of our Group	276,252	276,252
Add PAT for FYE 31 December 2024 attributable to NCI acquired:		
FGVKP (16.7%)	-	1,247
FGVR (33.3%)	-	2,445
FGVMS (49.0%)	-	1,041
FGVAS (23.1%)	-	8,505
FGVTS (49.0%)	-	3,545
FGVSS (49.0%)	-	4,486
FGVPS (20.0%)	-	2,305
FGVRI (28.6%)	-	(12,811)
Less: Estimated expenses and finance cost relating to the Proposed Acquisitions(1)	-	(7,248)
Pro forma consolidated PATAMI after the Proposed Acquisitions	**-**	**279,767**
No. of FGV Shares in issue ('000)	3,648,152	3,648,152
EPS (sen)	7.6	7.7

Note:

(1) Including estimated expenses relating to the Proposed Acquisitions of approximately RM0.75 million and estimated finance cost of approximately RM6.5 million for bank borrowings of approximately RM140.0 million to fund the Purchase Consideration at an estimated finance rate of approximately 4.64% per annum.

8. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g) of the Listing Requirements is 9.8% which was arrived at based on the aggregate of the following:

(i) the highest percentage ratio applicable to the Proposed Acquisitions 1 pursuant to Paragraph 10.02(g) of the Listing Requirements of 2.6%, computed based on the aggregate of the proportionate audited PAT of FGVKP, FGVR and FGVMS for the FYE 31 December 2024 compared with the audited consolidated PATAMI of FGV for the FYE 31 December 2024; and

(ii) the highest percentage ratio applicable to the Proposed Acquisitions 2 pursuant to Paragraph 10.02(g) of the Listing Requirements of 7.2%, computed based on the aggregate of the proportionate audited PAT of FGVAS, FGVTS, FGVSS and FGVPS for the FYE 31 December 2024 compared with the audited consolidated PATAMI of FGV for the FYE 31 December 2024.

9. APPROVALS / CONSENT REQUIRED

The Proposed Acquisitions are subject to and conditional upon the approvals being obtained from the following:

(i) approval of the directors and members of KPF in respect of the Proposed Acquisitions;

(ii) approval of the non-interested Shareholders at the forthcoming EGM; and

(iii) approval, waiver and/or consent of any other relevant authorities and/or parties, if required.

The Proposed Acquisitions 1 and 2 are inter-conditional upon each other and are not conditional upon any other corporate exercise/scheme of FGV.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

10.1 Interested Directors' Interest

Save as disclosed below, none of our Directors, major shareholders and persons connected with them have any interest, direct or indirect, in the Proposed Acquisitions:

(i) Interested Major Shareholders

(a) FELDA, is a major shareholder of our Company. KPF, being the vendor for the Proposed Acquisitions, is a person connected with FELDA; and

(b) KPF, is a major shareholder of FGVPI and the Target Companies. KPF is also the Vendor for the Proposed Acquisitions and a person connected with FELDA.

(ii) Interested person connected

KPF, is a person connected with FELDA.

(iii) Interested Directors

(a) Dato' Dr. Suzana Idayu Wati Osman is our Non-Independent Non-Executive Director. She is the representative of FELDA on our Board;

(b) Dato' Shahrol Anuwar Sarman is our Non-Independent Non-Executive Director. He is a director of FELDA; and

(c) Datuk Dr. Yatimah Sarjiman is a former director of our Company and FELDA. She ceased to be a director of our Company and FELDA on 16 January 2025 and 15 January 2025 respectively.

As at LPD, the direct and indirect shareholdings of the Interested Directors, Interested Major Shareholders of our Company and/or persons connected with them are as follows:

	Direct		**Indirect**	
	No. of FGV Shares	**%**	**No. of FGV Shares**	**%**
Interested Major Shareholders				
FELDA	2,546,523,899	69.80	452,921,192[(1)]	12.42
Interested persons connected				
KPF	-	-	-	-
Interested Directors				
Dato' Dr. Suzana Idayu Wati Osman	-	-	-	-
Dato' Shahrol Anuwar Sarman	-	-	-	-
Datuk Dr. Yatimah Sarjiman	-	-	-	-

Note:

(1) Deemed interested by virtue of its interest in Felda Asset Holdings Company Sdn Bhd (a wholly-owned subsidiary of FELDA) pursuant to Section 8 of the Act.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Acquisitions at the relevant Board meetings pertaining to the Proposed Acquisitions.

The Interested Major Shareholders and Interested Directors will abstain from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM. Further, the Interested Major Shareholders and Interested Directors have also undertaken to ensure their person connected will also abstain from voting in respect of its direct and/or indirect shareholding in our Company, if any, on the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), after having considered all aspects of the Proposed Acquisitions including but not limited to the salient terms of the SSAs, basis and justification for the Purchase Consideration, rationale, benefits and effects of the Proposed Acquisitions, and the views of QuantePhi, is of the view that the Proposed Acquisitions are in the best interest of our Company.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of our Company, after having considered all aspects of the Proposed Acquisitions, including the salient terms of the SSAs, rationale, benefits and effects of the Proposed Acquisitions, and the views of the independent adviser, QuantePhi, is of the view that the Proposed Acquisitions are:

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested Shareholders.

13. TRANSACTIONS WITH RELATED PARTIES FOR THE PAST 12 MONTHS

Save for the Proposed Acquisitions and the recurrent related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Group, as set out in the circular to our shareholders dated 30 April 2025, our Company has not entered into any transaction with the Interested Directors, Interested Major Shareholders and/or persons connected with them for the past 12 months preceding the date of this Circular.

14. ADVISERS

Maybank IB has been appointed as Principal Adviser to our Company for the Proposed Acquisitions.

In view of that interests of the Interested Major Shareholders, interested person connected and Interested Directors as set out in **Section 10 of Part A** of this Circular and in compliance with Paragraph 10.08 of the Listing Requirements, the Board had appointed QuantePhi as the Independent Adviser to undertake the following:

(i) comment as to whether the Proposed Acquisitions are:

  (a) fair and reasonable so far as our non-interested Shareholders are concerned; and

  (b) to the detriment of our non-interested Shareholders;

  and such opinion must set out the reasons for the key assumptions made and the factors taken into consideration in forming that opinion;

(ii) advise our non-interested Shareholders on whether they should vote in favour of the Proposed Acquisitions; and

(iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

The IAL is set out in **Part B** of this Circular.

You are advised to read and consider the contents of the IAL carefully before voting on the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

15. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisitions, there is no other corporate exercise / scheme which has been announced by our Company but is pending completion as at the date of this Circular.

16. OTHER MATTER

For information purpose, the Board had on 26 May 2025 announced the receipt of a notice of unconditional voluntary take-over offer ("**Notice**") from Maybank IB on behalf of FELDA to acquire all the remaining FGV Shares which are not already held by FELDA ("**Offer Shares**") for a cash consideration of RM1.30 per Offer Share ("**Offer**").

In relation to the Offer, the Board had on 5 June 2025 obtained a written consent and confirmation from FELDA that:

(a) the Proposed Acquisitions are acceptable to FELDA and it has no objection for the Proposed Acquisitions to be carried out by our Group from the date of the Notice until the date where the Offer is completed, lapses or withdrawn, whichever earlier; and

(b) it undertakes not to abort the Offer or revise the offer price to an amount lower than the offer price of RM1.30 per FGV Share as set out in the Notice.

17. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring unforeseen circumstances and subject to relevant required approvals being obtained, the Proposed Acquisitions are expected to be completed by third quarter of 2025. The tentative timeline for the Proposed Acquisitions is as follows:

Event	Tentative timing
EGM	26 June 2025
Completion of the Proposed Acquisitions	Third quarter of 2025

18. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia ("**Meeting Venue**") and will be broadcasted live from the Meeting Venue via Remote Participation and Electronic Voting (RPEV) facilities at https://investor.boardroomlimited.com (Online Platform) on Thursday, 26 June 2025 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the ordinary resolution, with or without any modifications, to give effect to the Proposed Acquisitions.

If you are unable to attend and vote at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the Proxy Form in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the office of our appointed Share Registrar for the EGM, Boardroom Share Registrars Sdn Bhd not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The instrument appointing a proxy can also be electronically submitted to the appointed Share Registrar for the EGM via e-mail to bsr.helpdesk@boardroomlimited.com, before Tuesday, 24 June 2025 at 3.00 p.m.. Kindly refer to the Administrative Details for the EGM which are available on our website at https://www.fgvholdings.com/investor-relations/ir-home/.

The completion and lodgement of the Proxy Form will not preclude you from attending and voting at the forthcoming EGM should you subsequently wish to do so.

19. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully,

For and on behalf of our Board
FGV HOLDINGS BERHAD

AZIZAN BIN ZAKARIA
Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER FROM QUANTEPHI TO THE NON-INTERESTED SHAREHOLDERS OF FGV IN RELATION TO THE PROPOSED ACQUISITIONS

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings as the words and expressions defined in the "Definitions" Section and Part A of the Circular, except where the context otherwise requires or where otherwise defined in the IAL. All references to "you" are references to the non-interested shareholders of FGV Group, whilst references to "we", "us", or "our" are references to QuantePhi, being the Independent Adviser for the Proposed Acquisitions.

Set out hereunder is an executive summary which serves to highlight some of the salient points arising from QuantePhi's independent evaluation of the Proposed Acquisitions. Non-interested shareholders are advised to read carefully and understand the contents of the IAL and the entire Part A of the Circular, including the appendices thereof, for more comprehensive information, evaluation and recommendation of the Proposed Acquisitions before voting on the resolution pertaining to the Proposed Acquisitions at the forthcoming EGM.

1. INTRODUCTION

FGV Group, through its subsidiaries, had on 23 May 2025 entered into two conditional share sale agreements with KPF in relation to the Proposed Acquisitions. FGVPI, an indirect 72%-owned subsidiary of FGV Group, entered into a conditional share sale agreement (**"SSA1"**) with KPF for the Acquisitions of the remaining equity interests in FGVKP, FGVR, and FGVMS not already held by FGVPI. The total cash consideration payable under SSA1 amounts to RM54.7 million.

On the same date, FHB, a wholly-owned subsidiary of FGV Group, entered into a separate conditional share sale agreement (**"SSA2"**) with KPF for the Acquisitions of the remaining equity interests in FGVAS, FGVTS, FGVSS, FGVPS, and FGVRI not already held by FHB. The total cash consideration payable under SSA2 amounts to RM175.1 million.

Collectively, SSA1 and SSA2 entail the Acquisitions of all remaining equity interests in the aforementioned eight (8) subsidiaries from KPF (referred to as the **"Sale Shares"**) for an aggregate purchase consideration of RM229.8 million to be satisfied entirely in cash.

By virtue of the interests of the Interested Directors and Interested Major Shareholders in the Proposed Acquisitions as set out in Section 10, Part A of this Circular, the Proposed Acquisitions are deemed as RPTs pursuant to Rule 10.08 of the Listing Requirements. Pursuant thereto, the Board (save for the Interested Directors) has appointed QuantePhi to act as the Independent Adviser to advise the non-interested directors and non-interested shareholders of FGV Group as to whether the Proposed Acquisitions are fair and reasonable so far as the non-interested directors and non-interested shareholders of FGV Group are concerned, and whether the Proposed Acquisitions are to the detriment of the non-interested shareholders of FGV Group.

2. EVALUATION OF THE PROPOSED ACQUISITIONS

In evaluating the Proposed Acquisitions, we have taken into consideration the following: -

Section in the IAL	Area of Evaluation	Comments
Section 5.1	Rationale of the Proposed Acquisitions	The Proposed Acquisitions will enable FGV Group to consolidate full ownership over key operational and support subsidiaries. This consolidation is expected to streamline operations, enhance group-wide governance, and enable faster and more integrated decision-making.

Section in the IAL	Area of Evaluation	Comments
		The alignment of palm-oil manufacturing (under FGVPI) and ancillary services (under FHB) with FGV's long-term strategy is expected to deliver operational efficiencies and synergies. **Premised on the above, we are of the opinion that the rationale for the Proposed Acquisitions is reasonable.**
Section 5.2.1	Evaluation of Purchase Consideration for the Proposed Acquisitions	**Basis and justification for the Purchase Consideration** In evaluating the Purchase Consideration of RM229.8 million, we have adopted the Revalued Net Asset Value (**"RNAV"**) method as the primary approach and Trading Comparable Analysis as the secondary approach. The RNAV method is appropriate given that the Target Companies are already operational, with no significant post-acquisitions capital commitments expected. The RNAV has been adjusted to reflect recent capital injections and dividend distributions, providing a clearer picture of the current net worth of the Target Companies. The Trading Comparable Analysis provides an additional valuation perspective by benchmarking the implied PER multiples against listed peers in the relevant segments. In both cases, the Purchase Consideration is supported by reasonable valuation ranges. We have reviewed the methodology, assumptions, and data used in deriving the RNAV and Trading Comparables and are satisfied that they are consistent with generally accepted valuation practices for transactions of this nature. **Premised on the above, we are of the opinion that the Purchase Consideration of RM229.8 million for the Proposed Acquisitions is fair.**
Section 5.3	Salient terms of the SSAs for the Proposed Acquisitions	The salient terms of SSA1 and SSA2, including purchase conditions and payment terms are consistent with market standards for similar corporate transactions. The terms adequately protect FGV's interests and ensure that full legal and beneficial ownership will be acquired.

Section in the IAL	Area of Evaluation	Comments
		Premised on the above, we are of the opinion that the salient terms of SSA1 and SSA2 for the Proposed Acquisitions are reasonable and not detrimental to the non-interested shareholders of FGV.
Section 5.4	Industry Outlook and Future Prospects after the Proposed Acquisitions	Based on the general positive outlook of the Malaysian economy, the overview and outlook of the palm oil industry; and the prospect of the Target Companies, **we are of the opinion that the industry outlook and prospects of FGV after the Proposed Acquisitions are reasonable.**
Section 5.5	Risk factors associated with the Proposed Acquisitions	We note that the risks associated with the Proposed Acquisitions are the typical risks associated with transactions of this nature. The non-interested shareholders of FGV are advised to give due and careful regard to the risk factors as set out in Section 6, Part A of the Circular and are reminded that although measures may be taken by the management to limit all highlighted risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and financial performance of FGV.
Section 5.6	Effects of the Proposed Acquisitions	We note that: - (i) The Proposed Acquisitions will not have any effect on FGV's issued share capital and substantial shareholders' shareholding as it does not involve any issuance of new Shares; (ii) The Group's NA per share will remain at RM1.67 per Share, (iii) The Group's Gearing will increase to 0.64 times; and (iv) The Group's EPS will increase to 7.7 sen. **Premised on the above, we are of the view that the effects of the Proposed Acquisitions are reasonable and not detrimental to the non-interested shareholders of FGV.**

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisitions, and our evaluation is set out in Section 5 of the IAL. Non-interested shareholders and non-interested directors of FGV Group are advised to consider the merit and demerits of the Proposed Acquisitions carefully based on all the relevant and pertinent factors including those set out in the IAL and Part A of the Circular as well as other publicly available information prior to making a decision to vote on the resolution pertaining to the Proposed Acquisitions.

Premised on our overall evaluation and assessment of the Proposed Acquisitions based on the information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisitions are **fair and reasonable** and are **not detrimental** to the interest of the non-interested shareholders and non-interested directors of FGV Group.

Accordingly, we recommend that the non-interested shareholders and non-interested directors of FGV Group to **vote in favour** of the resolution pertaining to the Proposed Acquisitions at the forthcoming EGM.

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Registered Office:
6-5-3, Sinaran TTDI,
Jalan Tun Fuad 3,
Taman Tun Dr Ismail,
60000 Kuala Lumpur

11 June 2025

To: The Non-Interested Shareholders of FGV Holdings Berhad

Dear Sir/ Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF FGV HOLDINGS BERHAD IN RELATION TO THE PROPOSED ACQUISITIONS

1. INTRODUCTION

1.1 This Independent Advice Letter (**"IAL"**) is prepared for the inclusion in the circular to shareholders of FGV dated 11 June 2025 in relation to the Proposed Acquisitions (**"Circular"**). Definitions or defined terms used in this IAL shall have the same meaning as the definitions used in Part A of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to "you" are references to the non-interested shareholders of the Company, whilst references to "we", "us", or "our" are references to QuantePhi, being the Independent Adviser for the Proposed Acquisitions.

1.2 FGV Group, through its subsidiaries, had on 23 May 2025 entered into two conditional share sale agreements with KPF in relation to the Proposed Acquisitions. FGVPI, an indirect 72%-owned subsidiary of FGV Group, entered into the SSA1 with KPF for the Acquisitions of the remaining equity interests in FGVKP, FGVR, and FGVMS not already held by FGVPI. The total cash consideration payable under SSA1 amounts to RM54.7 million.

1.3 On the same date, FHB, a wholly-owned subsidiary of FGV Group, entered into a separate SSA2 with KPF for the Acquisitions of the remaining equity interests in FGVAS, FGVTS, FGVSS, FGVPS, and FGVRI not already held by FHB. The total cash consideration payable under SSA2 amounts to RM175.1 million.

1.4 By virtue of the interests of the Interested Directors and Interested Major Shareholders in the Proposed Acquisitions as set out in Section 10, Part A of the Circular, the Proposed Acquisitions are deemed as RPTs pursuant to Rule 10.08 of the Listing Requirements. Pursuant thereto, the Board (save for the Interested Directors) has appointed QuantePhi on 7 February 2025 to act as the Independent Adviser to advise the non-interested directors and non-interested shareholders of FGV Group as to whether the Proposed Acquisitions are fair and reasonable so far as the non-interested directors and non-interested shareholders of the Company are concerned, and whether the Proposed Acquisitions are to the detriment of the non-interested shareholders of FGV Group.

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1.5 The purpose of this IAL is to provide the non-interested shareholders and non-interested directors of FGV Group with an independent evaluation of the Proposed Acquisitions, and the scope of this IAL is as follows:

(i) to comment as to whether the Proposed Acquisitions are:

(a) fair and reasonable as far as non-interested directors and non-interested shareholders of FGV Group are concerned; and
(b) to the detriment of the non-interested shareholders of FGV Group,

and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration into forming that opinion;

(ii) to advise the non-interest shareholders and non-interested directors whether they should vote in favour of the Proposed Acquisitions; and

(iii) to take all reasonable steps to satisfy ourselves that we have reasonable basis to make comments and advice for items (i) and (ii) above.

1.6 This IAL is prepared solely for the use of the non-interested shareholders and non-interested directors of FGV Group for the purpose of considering the Proposed Acquisitions and should not be used or relied upon by any other party for any other purpose whatsoever.

NON-INTERESTED SHAREHOLDERS AND NON-INTERESTED DIRECTORS OF FGV GROUP ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED THEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONTACT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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2. DETAILS OF THE PROPOSED ACQUISITIONS

The full details of the Proposed Acquisitions are set out in Part A of the Circular and should be read and fully understood in its entirety by the non-interested shareholders of FGV Group.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

The details of the Interested Directors and Interested Major Shareholders are set out in Section 10.1, Part A of the Circular.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting on the Proposed Acquisitions at the relevant Board meetings pertaining to the Proposed Acquisitions. The Interested Directors and Interested Major Shareholders will also abstain from voting and has undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

Save as disclosed above, none of the other directors, major shareholders and/or persons connected with them (as defined in the Listing Requirements) have any interest, direct or indirect, in the Proposed Acquisitions.

4. SCOPE AND LIMITATION OF OUR EVALUATION

4.1 QuantePhi has not been involved in any negotiations on the terms and conditions of the Proposed Acquisitions nor has it participated in the Board's deliberation on the Proposed Acquisitions. QuantePhi's scope as the Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Acquisitions, based on and in reliance upon information, documents and representation/ confirmations provided or made available to us (the accuracy of which the Board or other advisers of FGV Group are solely responsible), including but not limited to the following: -

(i) the Circular and the accompanying appendices in relation to the Proposed Acquisitions;

(ii) information contained in the announcement dated 23 May 2025 in relation to the Proposed Acquisitions;

(iii) SSAs for the Proposed Acquisitions;

(iv) information provided by FGV Group, as well as representations/confirmations obtained in or derived from discussions with the management of FGV Group dated 7 May 2025, 9 May 2025, 15 May 2025 and 20 May 2025; and

(v) publicly available information, such as annual reports and quarterly announcements from FGV Group.

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We have also obtained confirmation from the Board that the Directors of the Company collectively and individually accept full responsibility for the accuracy of information given for the IAL (save and except for analyses made and opinions expressed by QuantePhi) and confirmed that after making all reasonable enquiries, to the best of their knowledge and belief, there are no facts, the omission of which, would make any statement herein misleading. The Board has also provided confirmation that all facts and information in respect of the Company which are relevant to QuantePhi's evaluation of the Proposed Acquisitions have been disclosed to QuantePhi, and there are no facts or information, the omission of which, would make any information supplied to us misleading in any respect.

With due consideration to the foregoing and after making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied that all information, documents, and representations/ confirmations necessary for our evaluation of the Proposed Acquisitions have been disclosed to us and that such information is reasonable, accurate, complete, and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

We are satisfied that sufficient information has been disclosed to us in enabling us to formulate our recommendation. After making all the reasonable checks and corroborating such information with independent sources, where possible and to the best of our knowledge and belief, the information used is reasonable, accurate, complete, and free of material omission.

In our evaluation of the Proposed Acquisitions, we have taken into consideration pertinent matters which are made known to us and which we believe are of general importance to an assessment of the financial implications of the Proposed Acquisitions and would be of significant relevance and general concern to the non-interested shareholders of FGV Group as a whole in arriving at our advice.

The scope of QuantePhi's responsibility with regards to our evaluation and opinion contained herein is confined to the Proposed Acquisitions. Where our comments or points of consideration are included on certain pertinent matters which may be qualitative or commercial in nature, these are incidental to our overall financial evaluation and concern matters which we may deem material for disclosure and/or which may have possible financial implications on the Company.

QuantePhi's opinion contained in this IAL is provided to the non-interested shareholders of FGV Group at large and not to any shareholder individually. Hence, we have not given regard to the specific investment or financial objective, financial situation and/or particular needs of any shareholder or any specific group of shareholders. We recommend that any individual shareholder or any specific group of shareholders who require specific advice within the context of their individual objectives, financial situation or particular needs should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers at their own costs.

After the dispatch of the Circular, the Independent Adviser will notify the non-interested shareholders if we become aware of any of the following:

(i) significant changes affecting the information contained in the IAL;

(ii) there is reasonable ground to believe that the statements made in the IAL are misleading and/or deceptive; and

(iii) there is a material omission in the IAL.

If circumstances require, a supplementary IAL will be sent to the shareholders of FGV.

4.2 We confirm that there is no conflict of interest situation or potential conflict of interest situation arising from us carrying out the role of Independent Adviser to advise the non-interested shareholders and non-interested directors of FGV Group in respect to the Proposed Acquisitions and that there was no professional relationship between QuantePhi and FGV Group in the past two ('2') years prior to the date of this IAL.

QuantePhi is an approved corporate finance adviser within the meaning of the Principal Adviser Guidelines issued by Securities Commission Malaysia. QuantePhi has been actively involved in providing advisory services over the last twelve ('12') years and this is the sixth IAL issued in its capacity as an Independent Adviser.

The credentials and experience of QuantePhi as an Independent Adviser, where we have been appointed in the past twelve ('12') years prior to the date of this IAL, include the following proposals:

(i) Independent Advice Letter dated 6 December 2024 included in the circular for HCK Capital Group Berhad ("**HCK**")

Independent advice to the non-interested shareholders of HCK in relation to the proposed debt settlement of the advances amounting to RM100.0 million to Tan Sri Clement Hii Chii Kok ("**Tan Sri Clement Hii**") by Global Activate Sdn Bhd through issuance of 47.26 million new ordinary shares in HCK at an issue price of RM2.1161 per share to Tan Sri Clement Hii.

(ii) Independent Advice Letter dated 30 August 2023 included in the circular for HCK

Independent advice to the non-interested shareholders of HCK in relation to the proposed acquisition by HCK of its 100.00% equity interest in Global Activate Sdn Bhd and Light Odyssey Sdn Bhd for a cash consideration of RM2.00 each.

(iii) Independent Advice Letter dated 31 March 2023 included in the circular for SMRT Holdings Berhad ("**SMRT**")

Independent advice to the non-interested shareholders of SMRT in relation to the proposed acquisition by SMRT of the remaining 36.00% equity interest in N'osairis Technology Solutions Sdn Bhd for a cash consideration of RM72.0 million and proposed divestment by SMRT of 100.00% equity interest in SMR Education Sdn Bhd for a cash consideration of approximately RM49.5 million;

(iv) Independent Advice Letter dated 21 July 2022 included in the circular for Scomi Energy Services Berhad (**"Scomi Energy"**)

Independent advice to the non-interested shareholders of Scomi Energy in relation to the proposed disposal by Scomi Energy of its 48% equity interest in Scomi KMC Sdn Bhd and 100% equity interest in Scomi Oilfield Limited together with 9 of its existing subsidiaries for total cash consideration of RM21.0 million; and

(v) Independent Advice Letter dated 30 September 2021 included in the circular for ENRA Group Berhad (**"ENRA"**)

Independent advice to the non-interested shareholders of ENRA in relation to the proposed divestment by ENRA of 100% equity interest in ENRA Kimia Sdn Bhd and its subsidiary companies for a cash consideration of RM50.0 million.

Further information on QuantePhi is available on our website, www.quantephi.cc.

Based on our credentials and experience above, we have the necessary resources and staff with the relevant skills, knowledge and experience to carry out our role and responsibilities as the Independent Adviser to advise the non-interested shareholders of FGV Group in respect of the Proposed Acquisitions as set out in Section 5 of this IAL.

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5. EVALUATION OF THE PROPOSED ACQUISITIONS

In our evaluation of the Proposed Acquisitions, we have considered the following factors: -

(i) Rationale of the Proposed Acquisitions;

(ii) Evaluation of the Purchase Consideration for Proposed Acquisitions;

(iii) Salient terms of SSAs for the Proposed Acquisitions;

(iv) Industry outlook and future prospects after the Proposed Acquisitions;

(v) Risk factors associated with the Proposed Acquisitions; and

(vi) Effects of the Proposed Acquisitions.

5.1 Rationale for the Proposed Acquisitions

5.1.1 Proposed Acquisitions

We take note of the following as extracted from Section 4, Part A of this Circular:-

*"Upon completion of the Proposed Acquisitions, the Target Companies will become wholly-owned subsidiaries of FGVPI and its group of companies ("**FGVPI Group"**) / FHB and its group of companies ("**FHB Group**"). This will enable our Group, through FGVPI and FHB to have control over the Target Companies' operations, management and decision making. In addition, the Proposed Acquisitions will also allow our Group to streamline the business operations of the Target Companies and to facilitate faster decision-making, which better align with our Group's strategic direction.*

The Proposed Acquisitions 1 is undertaken to streamline the ownership structure of our Group's palm–oil manufacturing entities under the FGVPI Group to enhance operational efficiency, reduce redundancies, and to optimise the entire production process. In addition, the Proposed Acquisitions 1 will facilitate turnaround efforts to be undertaken by our Group to improve FGVR's liquidity position and reducing its cost of debt.

The Proposed Acquisitions 2 is undertaken to centralise our Group's ancillary services entities IT, logistics and transportation, and security services) under the FHB Group. By undertaking the Proposed Acquisitions 2, the FGV Group will also be able to have a better position in planning, scheduling and allocating resources across the abovementioned supporting functions.

The acquisition of FGVAS provides our Group the opportunity to improve our R&D effectiveness, eliminating duplications and focusing our R&D efforts with the Group's strategic direction. An effective R&D funding mechanism shall be established within the Group in order to weather challenges and to adapt to the evolving business landscape.

On the other hand, the Proposed Acquisitions 2 shall address the capital structure and liquidity issues of FGVRI, facilitating the Group to execute its turnaround efforts with potential to improve FGVRI's future profitability.

*Premised on the above and the favourable outlook of the oil palm industry in Malaysia as set out in **Section 5 of Part A** of this Circular, the Proposed Acquisitions are expected to contribute positively to the future earnings of our Group, thus enhancing FGV's shareholders value in the medium to long term."*

QuantePhi's commentaries:

The Proposed Acquisitions 1 and Proposed Acquisitions 2 represent a strategic step by FGV to gain full ownership and control over its palm oil manufacturing and ancillary service subsidiaries currently held in part by KPF. These acquisitions will allow FGV, through FGVPI and FHB, to exercise complete control over the Target Companies' operations and management, enabling faster decision-making and improved alignment with the Group's strategic objectives.

Under Proposed Acquisitions 1, FGVPI will consolidate its palm-oil manufacturing operations by acquiring the remaining equity interests in FGVKP and FGVR. This is expected to improve operational efficiency, streamline the production process, and eliminate redundancies. Additionally, full ownership of FGVR will enable FGV to implement its financial turnaround plans, which include improving liquidity and reducing financing costs.

Proposed Acquisitions 2 involves the consolidation of ancillary services including IT, logistics, transportation, and security under FHB. With full ownership of these entities, the Group will be better positioned to plan, schedule, and allocate resources more effectively across its support functions. The integration of FGVAS, in particular, is expected to enhance the Group's R&D effectiveness by eliminating duplication and focusing innovation efforts on key strategic areas. An internal R&D funding mechanism will also be established to improve resilience and adaptability.

Moreover, the acquisition of FGVRI, a currently loss-making entity, will allow the Group to undertake a structured turnaround, addressing both capital structure and liquidity concerns with a view toward future profitability.

Beyond the operational and financial integration, full ownership is expected to improve the enforcement of Group-wide governance policies, compliance standards, and reporting structures, thereby strengthening overall corporate governance and risk management. Moreover, consolidating palm oil manufacturing and support services under single, wholly owned platforms will reinforce the Group's identity, enhance customer and stakeholder perception, and support consistent brand positioning. This will enable FGV to be better recognised as an integrated agribusiness player with unified operations across the value chain.

The Proposed Acquisitions are expected to strengthen FGV's operational framework and contribute positively to its long-term earnings trajectory. In our opinion, the Proposed Acquisitions are reasonable, and not detrimental to the interests of the non-interested shareholders of FGV.

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5.2 Evaluation of the Purchase Consideration for Proposed Acquisitions

We take note of the following as extracted from **Section 3, Part A** of the Circular:

"The respective Purchase Consideration for the Proposed Acquisitions was arrived at a "willing-buyer willing-seller" basis, after taking into consideration the following:

(i) aggregated audited NA of the Target Companies of RM220.0 million and RM513.6 million as at 31 December 2024 in accordance with the SSA 1 and SSA 2 respectively; and

(ii) adjustments arising from dividends and capital injection which are provided for in the SSAs.

The proportionate adjusted NA for each of the Target Companies was arrived at as follows:

Proposed Acquisitions 1(1)

	FGVKP	***FGVR***	***FGVMS***
	(RM' million)	***(RM' million)***	***(RM' million)***
Audited NA as at 31 December 2024	*157.6*	*13.7*	*48.7*
Add: Capital injection(4)	*-*	*40.0*	*-*
Less: Dividend	*(80.0)*	*-*	*-*
Adjusted NA	*77.6*	*53.7*	*48.7*
Equity interest to be acquired (%)	*16.7*	*33.3*	*49.0*
Proportionate adjusted NA to be acquired / purchase consideration	*12.9*	*17.9*	*23.9*
Total purchase consideration for the Proposed Acquisitions 1		***54.7***	

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Proposed Acquisitions 2 [(1)]

	FGVAS	FGVTS	FGVSS	FGVPS	FGVRI
	(RM' million)	(RM' million)	(RM' million)	(RM' million)	(RM' million)
Audited NA as at 31 December 2024	*398.5*	*187.0*	*35.2*	*87.4*	*(194.4)*
Add: Capital injection[(4)]	-	-	-	-	*166.4*
Less: Dividend	*(182.0)*	*(28.0)*	-	-	-
Adjusted NA	*216.5*	*159.0*	*35.2*	*87.4*	*(28.0)*
Equity interest to be acquired (%)	*23.1*	*49.0*	*49.0*	*20.0*	*28.6*
Proportionate adjusted NA to be acquired	*50.0*	*77.9*	*17.2*	*17.5*	*(8.0)*
Purchase consideration	*62.4[(2)]*	*77.9*	*17.2*	*17.5*	*-[(3)]*
Total purchase consideration for the Proposed Acquisitions 2			***175.1***		

Notes:

(1) *Any discrepancy between the figure in the table and the actual amount are due to rounding adjustments.*

(2) *Purchase consideration represents a premium of approximately 25%, taking into consideration, among others, FGVAS' track record of consistent profits and dividend payments. Further, FGVAS is one of the largest producers of oil palm seeds in Malaysia supplying over 27 million seeds per annum including award winning Yangambi ML161 which commands a significant market share of the local seeds market. The purchase consideration also translates to a PER of 6.6 times which is below that of the average PER for comparable companies in the plantation industry as listed below.*

For the past 3 FYEs 31 December 2022 to 31 December 2024, FGVAS declared and paid the following dividends:

	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	RM'000	RM'000
Dividends declared and paid	*45,045*	*16,250*	*31,200*
PAT	*63,549*	*22,833*	*40,627*
Dividend payout over PAT (%)	*70.9*	*71.2*	*76.8*

*Please refer to **Section 7 of Appendix V** of this Circular for the summary financial information of FGVAS for the past 3 FYEs 31 December 2022 to 31 December 2024*

(3) Nominal value of RM1, as FGVRI has a net liabilities position.

*(4) The capital injections are to be undertaken as part of the pre-Completion obligations under the SSAs as set out in **Appendix I** of this Circular. The capital injections in FGVR and FGVRI will be utilised for the repayment of their existing debts as part of the shareholders' effort to deleverage and strengthen FGVR and FGVRI's financial position.*

In justifying the Purchase Consideration, the Board (save for the Interested Directors) has also taken into consideration the following:

(i) internal assessment by the management of our Company based on the comparable trading multiple analysis. Given that the Proposed Acquisitions are inter-conditional, the Purchase Consideration is assessed on an aggregated basis and represents an implied PER of approximately 7.7 times. The PER is derived based on the Purchase Consideration over RM29.9 million, being the total proportionate latest audited PAT of the Target Companies for the FYE 31 December 2024(1), which falls below the range of PERs of the listed plantation companies as set out below:

Comparable companies(2)	***Principal activities***	***Last traded price as at the LPD (RM)***	***Earnings per share(3) (RM)***	***PER(4) (Times)***
SD Guthrie Berhad	*The principal activities of the company are in the production, processing, refining, marketing, distribution, and sales of palm oil and palm kernel oil, specialty fats, edible oils, rubber, other palm oil related products, and various other agriculture related products*	*4.48*	*0.36*	*12.4*
IOI Corporation Berhad	*The principal activity of the company is investment holdings while its subsidiaries are principally engaged in oil palm cultivation and processing; commodities trading and refinery; manufacture and sales of fatty acids and other oleochemical products, and various other related businesses*	*3.60*	*0.23*	*15.7*

Comparable companies[(2)]	Principal activities	Last traded price as at the LPD	Earnings per share[(3)]	PER[(4)]
		(RM)	(RM)	(Times)
United Plantations Berhad	The principal activities of the company are in oil palm and coconut cultivation and processing, refining of palm oil, manufacturing of edible oils and fats, trading in crude palm oil and palm kernel products, and R&D activities	22.76	1.20	19.0
Genting Plantations Berhad	The principal activities of the company are plantation and provision of management services to its subsidiaries while its subsidiaries are principally engaged in plantation, property development and investment, genomics R&D, and downstream manufacturing and sale of palm oil derivative products	4.90	0.38	12.9
Johor Plantations Group Berhad	The principal activities of the company are investment holding and the production of palm oil and palm kernels, while its subsidiaries are principally engaged in refining and trading of oil palm and palm oil products, production of bio-methane, and sales of other plantation products and services	1.17	0.12	9.8
Kim Loong Resources Berhad	The company and its subsidiaries are principally involved in investment holding, cultivation of oil palm, processing of oil palm FFB, marketing of oil palm products, processing of oil palm	2.24	0.17	13.2

Comparable companies[(2)]	***Principal activities***	***Last traded price as at the LPD***	***Earnings per share***[(3)]	***PER***[(4)]
		(RM)	***(RM)***	***(Times)***
	fibre and biogas and power generation			
Far East Holdings Berhad	*The principal activities of the company and its subsidiaries are in investment holdings, cultivation of oil palms, production and sales of FFB, crude palm oil and palm kernel, manufacturing and exporting of palm oil and palm oil derivative products, and R&D activities*	*3.59*	*0.35*	*10.3*
TSH Resources Berhad	*The principal activities of the company are investment holding and forest plantation while its subsidiaries are primarily involved in investment holding, oil palm cultivation and processing, electricity generation from biomass plants, forest plantation, and manufacture and sales of downstream wood products*	*1.08*	*0.12*	*9.0*
United Malacca Berhad	*The principal activities of the company are cultivation of oil palm and investment holding while its subsidiaries are primarily involved in investment holding, cultivation of oil palm, palm oil milling, agroforestry plantations and providing management consultancy services*	*5.10*	*0.42*	*12.1*
Minimum				***9.0***
Maximum				***19.0***
Average				***12.7***

(Source: Capital IQ and company filings)

Notes:

(1) Excluding FGVRI which recorded a LAT amounting to RM44.6 million for the FYE 31 December 2024.

(2) The comparable companies are listed on the Main Market of Bursa Securities and were selected based on their respective principal activities in the plantation industry, with plantation-related activities which are broadly comparable to the activities of the Target Companies collectively, as there are no local/foreign listed companies involved specifically in the part of the plantation value chain as the Target Companies.

Comparable companies with (i) market capitalisation of less than RM1.0 billion as at the LPD; (ii) plantation operations that are predominantly or solely based in East Malaysia; and (iii) non-meaningful PER multiples due to reported losses, or outliers with PER multiples that are considerably higher or lower than market average, have been excluded. The comparable companies may not be directly comparable to the Target Companies due to, among others, composition and breadth of business activities, scale of business, profit track record, financial position, risk profile, future prospects and other factors. The comparable companies have also been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only.

(3) Based on the latest trailing twelve (12)-month financial results for the respective comparable companies, being the latest available financial results as at the LPD.

(4) Computed by dividing the last traded price as at the LPD with the earnings per share based on the latest trailing twelve (12)-month financial results for the respective comparable companies.

The Board takes cognisance of the specific part of the plantation value chain in which the Target Companies are involved as well as the lack of marketability of their shares as they are unlisted as compared to the publicly traded comparable companies above, which is reflected in the implied PER of approximately 7.7 times being significantly below the low range of PERs of the comparable companies.

(ii) rationale and benefits of the Proposed Acquisitions as set out in ***Section 4 of Part A*** *of this Circular; and*

(iii) prospects of our enlarged Company and our Group as set out in ***Section 5.3 of Part A*** *of this Circular.*

<u>QuantePhi's commentaries:</u>

In establishing our opinion on the fairness of the Purchase Consideration for Proposed Acquisitions, we have considered various valuation methodologies, which are commonly used in the valuation of companies. The following valuation methodologies were considered acceptable market practice to assess the valuation of the company:

Valuation Methodologies	Discussion
Revalued Net Asset Value (**“RNAV”**) Analysis	RNAV analysis is a valuation methodology that assesses a company’s value based on its adjusted net assets, where asset and liability values are revised to reflect their estimated fair market value. This method is applied in our assessment as the Target Companies' net asset values have been adjusted for dividends and capital injections as disclosed in Section 3 of Part A of this Circular. **RNAV is considered an appropriate valuation methodology for the Proposed Acquisitions as the Target Companies are operational and asset-backed.** In addition, as the Proposed Acquisitions are inter-conditional, the Purchase Consideration can be assessed on an aggregate basis.
Trading Comparable Analysis	Trading comparable analysis compares a company’s implied trading multiples to that of comparable listed companies (**“Comparable Companies”**) to determine the company’s value. Trading comparable analysis is considered an appropriate valuation methodology given all the Target Companies are profitable. In addition, as the Proposed Acquisitions are inter-conditional, the Purchase Consideration can be assessed on an aggregate basis or segmental basis.
Precedent Transaction Analysis	Precedent transaction analysis is a valuation methodology whereby it seeks to compare the Purchase Consideration against other recent comparable transactions undertaken by listed companies. We will **<u>not be using Precedent Transaction Analysis</u>** as there are no transactions that are directly comparable in terms of nature and industry.
Discounted Free Cash Flow (**“DCF”**) Analysis	DCF Analysis is an investment appraisal technique which considers both the time value of money and the projected net cash flow generated discounted at a specific discount rate to derive the company’s valuation. We will **<u>not be using DCF Analysis</u>** as the historical operational cash flows are cyclical in nature, and there is no guarantee that FGV Group will be able to record similar or better financial performance moving forward based on the previous cycle.

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5.2.1.1 RNAV

As detailed in Section 3 of this Circular, the RNAV of the Target Companies has been computed by adjusting their audited net assets after accounting for dividends paid to shareholders of the Target Companies as well as additional capital injections made by the shareholders of the Target Companies. The RNAVs for each Proposed Acquisitions are summarised below:

Proposed Acquisitions 1[(1)]

	FGVKP	*FGVR*	*FGVMS*
	(RM' million)	***(RM' million)***	***(RM' million)***
Audited NA as at 31 December 2024	*157.6*	*13.7*	*48.7*
Add: Capital injection[(4)]	-	*40.0*	-
Less: Dividend	*(80.0)*	-	-
Adjusted NA	*77.6*	*53.7*	*48.7*
Equity interest to be acquired (%)	*16.7%*	*33.3%*	*49.0%*
Proportionate adjusted NA to be acquired/ purchase consideration	*12.9*	*17.9*	*23.9*
Total proportionate adjusted NA to be acquired/purchase consideration of the Proposed Acquisitions 1		***54.7***	

Proposed Acquisitions 2[(1)]

	FGVAS	*FGVTS*	*FGVSS*	*FGVPS*	*FGVRI*
	(RM' million)	***(RM 'million)***	***(RM' million)***	***(RM' million)***	***(RM' million)***
Audited NA as at 31 December 2024	*398.5*	*187.0*	*35.2*	*87.4*	*(194.4)*
Add: Capital injection[(4)]	-	-	-	-	*166.4*
Less: Dividend	*(182.0)*	*(28.0)*	-	-	-
Adjusted NA	*216.5*	*159.0*	*35.2*	*87.4*	*(28.0)*
Equity interest to be acquired (%)	*23.1%*	*49.0%*	*49.0%*	*20.0%*	*28.6%*

	FGVAS	FGVTS	FGVSS	FGVPS	FGVRI
	(RM' million)	(RM 'million)	(RM' million)	(RM' million)	(RM' million)
Proportionate adjusted NA to be acquired	*50.0*	*77.9*	*17.2*	*17.5*	*(8.0)*
Purchase consideration	*62.4*[(2)]	*77.9*	*17.2*	*17.5*	*-*[(3)]
Total purchase consideration of the Proposed Acquisitions 2			***175.1***		

Notes:

(1) Any discrepancy between the figure in the table and the actual amount are due to rounding adjustments.

(2) Purchase consideration represents a premium of approximately 25%, taking into consideration, among others, FGVAS' track record of consistent profits and dividend payments. Further, FGVAS is one of the largest producers of oil palm seeds in Malaysia supplying over 27 million seeds per annum including award winning Yangambi ML161 which commands a significant market share of the local seeds market. The purchase consideration also translates to a PER of 6.6 times which is below that of the average PER for comparable companies in the plantation industry as listed below.

For the past 3 FYEs 31 December 2022 to 31 December 2024, FGVAS declared and paid the following dividends:

	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024
	RM'000	RM'000	RM'000
Dividends declared and paid	*45,045*	*16,250*	*31,200*
PAT	*63,549*	*22,833*	*40,627*
Dividend payout over PAT (%)	*70.9*	*71.2*	*76.8*

*Please refer to **Section 7 of Appendix V** of this Circular for summary financial information of FGVAS for the past 3 FYEs 31 December 2022 to 31 December 2024*

(3) Nominal value of RM1, as FGVRI has a net liabilities position.

*(4) The capital injections are to be undertaken as part of the pre-Completion obligations under the SSAs as set out in **Appendix I** of this Circular. The capital injections in FGVR and FGVRI will be utilised for the repayment of their existing debts as part of the shareholders' effort to deleverage and strengthen FGVR and FGVRI's financial position.*

QuantePhi's commentaries:

We note that the NA is as of 31 December 2024. Adjustments have been reflected from 1 January 2025 up to LPD to reflect changes to NA structure due to the following: -

(i) Capital Injection which will increase the NA, and
(ii) Dividend Payment which will reduce the NA.

We note that the adjustments made are reasonable because this will reflect the true value of the NA of the Target Companies closer to the actual Proposed Transactions.

We note that the total Purchase Consideration of RM229.8 million is higher than the total proportionate Adjusted Net Asset Value of RM209.3 million due to the following:

(i) Primarily due to the 25% premium attributed to FGVAS, and
(ii) Due to the inclusion of FGVRI, which has a negative net asset value of approximately RM8.0 million.

We note that FGVAS is one of Malaysia's largest producers of oil palm seeds, with an estimated 40% share of the local seeds market based on the Company's 2024 Annual Report. Further, FGVAS has demonstrated a track record of:

(i) Consistent profitability with average PAT margin of approximately 15.6% in the past 4 FYEs; and
(ii) Consistent dividend payments with average dividend yield of 7.7% in the past 4 FYEs.

In comparison, FGVTS and FGVKP recorded average PAT margins of 2.4% and 0.5%, respectively, in the past 4 FYEs. FGVTS and FGVKP had also recorded lower average dividend yield of 4.2% and 5.5%, respectively, during the same period.

In view of the above, we are of the view that the 25% premium attributed to FGVAS is reasonable.

Taken as a whole and considering the fact that the Target Companies are already operational with no material post-acquisitions capital commitments, we are of the view that the Purchase Consideration is **fair** when benchmarked against the RNAV.

5.2.1.2 Trading Comparable Analysis

It is to be noted that in selecting the Comparable Companies for evaluation of the Proposed Acquisitions, we have looked at principal activities of the Target Companies and segregated them into separate segments. Under each segment, we have considered selection of Comparable Companies based on the industry sector that the Target Companies are operating in.

In this regard, the Target Companies have been segregated into Plantation, Logistic and IT. The non-interested shareholders should note that due to uniqueness of the business, FGVSS and FGVMS has no direct Comparable Companies. Separately, we have not considered FGVRI as part of the Trading Comparable Analysis as FGVRI has a negative net assets value as of FYE 2024 and as such, the acquisition of FGVRI is to be undertaken at a nominal value of RM1.0.

We wish to highlight that the Comparable Companies for each segment may not be exactly similar or directly comparable to the Target Companies in terms of principal activities, composition of business activities, scale of business operations and financial position.

Based on the above, it should be noted the list of Comparable Companies is by no means exhaustive and it is only intended to provide a guideline for valuation of the acquisition of the respective target companies, where applicable. Below are the target companies with their comparable companies' segmentation: -

Comparable Companies Segmentation	Target Companies
Plantation	FGVKP
Plantation	FGVR
Plantation	FGVAS
Logistic	FGVTS
IT	FGVPS
No Direct Comparable	FGVSS (1)
No Direct Comparable	FGVMS (1)
Not Applicable	FGVRI (2)

Notes:

(1) Due to the unique operational attributes of FGVSS (security services) and FGVMS (marketing agent for palm kernel), it is difficult to identify directly comparable listed companies. As a conservative approach, the PER used for both companies is derived from the two lowest PERs across the three core segments of Plantation, Logistic and IT.

(2) Comparable segmentation is not applicable to FGVRI, as the company is currently in a loss-making position with negative net assets as of FYE 2024.

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The principal activities and market capitalisation of the Comparable Companies for each segment as at the LPD are set out below: -

(a) Plantation Segment

For the Plantation Segment, the Comparable Companies were selected based on their principal business activities in the palm oil industry and total landbank of more than 90,000 HA.

Comparable Companies	Principal Activities	Landbank [(1)] (HA)	Last Traded Price as at the LPD (RM)	Earnings per Share (RM)
SD Guthrie Berhad **("SD Guthrie")**	SD Guthrie is principally involved in oil palm cultivation, processing of fresh fruit bunches and refining of palm products.	729,711	4.48	0.36
IOI Corporation Berhad **("IOI Corporation")**	IOI Corporation is principally engaged in the cultivation of oil palm, production of crude palm oil and palm kernel, as well as oleochemical manufacturing.	205,073	3.60	0.23
Genting Plantations Berhad **("Genting Plantations")**	Genting Plantations is principally engaged in oil palm plantation, processing of palm products, and development of biotechnology activities.	243,217	4.90	0.38
Sarawak Oil Palms Berhad **("Sarawak Oil Palms")**	Sarawak Oil Palms is principally involved in the cultivation of oil palm and the operation of palm oil mills in Sarawak.	123,016	3.10	0.54
TH Plantations Berhad **("TH Plantations")**	TH Plantations is principally involved in oil palm and rubber plantation operations, including milling and downstream processing.	97,773	0.53	0.07

(Source: Capital IQ and company filings)

Notes: -

(1) Extracted from latest available 2024 Annual Reports from respective companies as of LPD

(b) Logistics Segment

For the Logistics segment, the Comparable Companies were selected based on their involvement in logistics-related businesses that includes international freight forwarding services, which is broadly similar to the principal activities of FGVTS and revenue ranging from RM250.0 million to RM1,000.0 million (which are within range of FGVTS revenue of RM312.9 million based on its 2024 financial statements).

Comparable Companies	Principal Activities	Last Twelve Months ("LTM") Revenue (RM million)	Last Traded Price as at the LPD (RM)	Earnings per Share (RM)
FM Global Logistics Holdings Berhad **("FM Global Logistics")**	FM Global Logistics is principally involved in freight forwarding, non-vessel operating common carrier (NVOCC), warehousing, and logistics services.	943.9	0.58	0.05
Swift Haulage Berhad **("Swift Haulage")**	Swift Haulage is principally engaged in integrated logistics services including container haulage, land transportation, warehousing, and freight forwarding.	723.2	0.37	0.03
AGX Group Berhad **("AGX Group")**	AGX Group is principally engaged in integrated logistics service including sea and air freight forwarding, aerospace logistics, warehousing, third-party logistics (3PL), and road freight transportation services across Southeast Asia.	250.9	0.52	0.04

Comparable Companies	Principal Activities	Last Twelve Months ("LTM") Revenue (RM million)	Last Traded Price as at the LPD (RM)	Earnings per Share (RM)
Gemadept Corporation **("Gemadept")**	Gemadept is principally engaged in port operation and logistics services, including container shipping and freight forwarding.	885.3	9.57	0.60
Transimex Corporation **("Transimex")**	Transimex is principally involved in multimodal transportation, international freight forwarding, warehousing, and distribution.	579.1	6.79	0.26

(Source: Capital IQ and company filings)

(c) IT Segment

For the IT segment, the Comparable Companies were selected based on their principal involvement in IT-related businesses and revenue ranging from RM100.0 million to RM300.0 million (which are within range of FGVPS revenue of RM280.8 million based on its 2024 financial statements).

Comparable Companies	Principal Activities	LTM Revenue (RM million)	Last Traded Price as at the LPD (RM)	Earnings per Share (RM)
Scicom (MSC) Berhad **("Scisom")**	Scicom is principally involved in providing business process outsourcing (BPO), customer lifecycle management, and e-solutions.	196.6	0.85	0.06
Applicad Public Company Limited **("Applicad")**	Applicad is principally engaged in the provision of CAD/CAM/CAE/PLM software and services for engineering and construction solutions.	141.2	0.30	0.05

Comparable Companies	Principal Activities	LTM Revenue (RM million)	Last Traded Price as at the LPD (RM)	Earnings per Share (RM)
Betamek Berhad **("Betamek")**	Betamek is principally engaged in the design, manufacturing, and supply of automotive electronic products and related software.	238.3	0.41	0.06
Infomina Berhad **("Infomina")**	Infomina is principally engaged in IT infrastructure services, application development, and managed technology support.	201.8	0.71	0.05
Dufu Technology Corp. Berhad **("Dufu Technology")**	Dufu Technology is principally involved in the manufacturing of precision machined components and provision of IT-related support services.	268.6	1.19	0.05

(Source: Capital IQ and company filings)

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The trading comparable analysis is a relative valuation analysis that refers to the process of comparing the value of an asset based on traded market multiples of similar assets. We have adopted the earnings-based, i.e., PER relative valuation multiples of the selected Comparable Companies under each segment in deriving the implied equity valuation of the Target Companies. We have adopted PER multiple for this valuation as this reflects the market's valuation of the companies relative to their profits.

The details of the relative valuation multiples adopted are as follows:

Valuation Multiple	**Description**
PER	PER is a valuation metric which compares a company's share price against its EPS. It can be useful to compare a company's PER to that of its peers to gauge how richly the company is valued relative to its peers. A higher PER would generally mean that investors are more willing to pay for a ringgit's worth of earnings from the company.

In conducting the relative valuation multiple analysis, we have considered the PER of Target Companies implied by the Purchase Consideration and compared them to the PER of the selected Comparable Companies under each segment, based on their latest available audited financial statements.

FGVSS and FGVMS has no direct Comparable Companies. Therefore, as a conservative approach, the PER used for both companies is derived from the two lowest PERs across the three core segments of Plantation, Logistic and IT.

The historical PER of Comparable Companies for the Proposed Acquisitions as at LPD vis-à-vis the Target Companies under each segment is set out as below: -

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(a) **Plantation Segment**

Comparable Companies	**LTM PER** (times)
SD Guthrie	12.40
IOI Corporation	15.70
Genting Plantations	12.90
Sarawak Oil Palms	5.72
TH Plantations	8.06
Min Range (1)	*4.00*
Max Range (1)	*10.99*
FGVKP Implied Acquisition PER to Purchase Consideration ("PC") (3)	**5.05**
FGVR Implied Acquisition PER to PC (4)	**3.16**
FGVAS Implied Acquisition PER to PC (5)	**6.65**

(b) **Logistic Segment**

Comparable Companies	**LTM PER** (times)
FM Global Logistics	10.90
Swift Haulage	12.40
AGX Group	13.50
Gemadept	17.10
Transimex	28.50
Min Range (1)	*7.63*
Max Range (1)	*19.95*
FGVTS Implied Acquisition PER to PC (6)	**20.38**

(c) **IT Segment**

Comparable Companies	**LTM PER** (times)
Scicom	15.40
Applicad	6.37
Betamek	7.17
Infomina	13.00
Dufu Technology	24.20
Min Range (1)	*4.46*
Max Range (1)	*16.94*
FGVPS Implied Acquisition PER to PC (7)	**7.61**

(d) Segment Without Direct Comparable [(2)]

Comparable Companies	**LTM PER** (times)
Sarawak Oil Palms	5.72
TH Plantations	8.06
Swift Haulage	12.40
FM Global Logistics	10.90
Applicad	6.37
Betamek	7.17
Min Range [(1)]	*4.00*
Max Range [(1)]	*8.63*
FGVMS Implied Acquisition PER to PC [(8)]	**12.84**
FGVSS Implied Acquisition PER to PC [(9)]	**3.99**

(Source: Capital IQ and company filings)

Notes: -

(1) *Relevant adjustments to the valuation multiples of the Comparable Companies such as illiquidity discount of 30%, as per Damodaran, have been included to reflect the Purchase Considerations in relation to unlisted group of companies.*

(2) *Basis for the comparable companies is derived from two lowest PERs across the three core segments of Plantation, Logistic and IT.*

(3) *The implied PER for FGVKP is derived by dividing the Purchase Consideration of RM12.9 million by the proportionate PAT of RM2.6 million (based on a 16.7% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 5.05 times.*

(4) *The implied PER for FGVR is derived by dividing the Purchase Consideration of RM17.9 million by the proportionate PAT of RM5.7 million (based on a 33.3% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 3.16 times.*

(5) *The implied PER for FGVAS is derived by dividing the Purchase Consideration of RM62.4 million by the proportionate PAT of RM9.4 million (based on a 23.1% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 6.65 times.*

(6) *The implied PER for FGVTS is derived by dividing the Purchase Consideration of RM77.9 million by the proportionate PAT of RM3.8 million (based on a 49.0% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 20.38 times.*

(7) *The implied PER for FGVPS is derived by dividing the Purchase Consideration of RM17.5 million by the proportionate PAT of RM2.3 million (based on a 20.0% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 7.61 times.*

(8) The implied PER for FGVMS is derived by dividing the Purchase Consideration of RM23.9 million by the proportionate PAT of RM1.9 million (based on a 49.0% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 12.84 times.

(9) The implied PER for FGVSS is derived by dividing the Purchase Consideration of RM17.2 million by the proportionate PAT of RM4.3 million (based on a 49.0% stake), using audited financial figures for the FYE 2024, resulting in an implied PER of 3.99 times.

The summary of implied multiples of Proposed Acquisitions relative to the Purchase Consideration are based on the latest audited financials for the FYE 31 December 2024 as below:-

Target Segments	**Implied Acquisition PER (times)**	**Trading Comparable Analysis PER Range (times) –** *Implied Valuation Range Min and Max*
Plantation	5.30 (1)	4.00 – 10.99
Logistic	20.38 (2)	7.63 – 19.95
IT	7.61 (3)	4.46 – 16.94
Without Direct Comparable	6.66 (4)	4.00 – 8.68
Total	**7.68 (5)**	**4.50 – 12.12 (6)**

Notes: -

(1) The implied PER for Plantation Segment is derived by dividing the total Purchase Consideration of RM93.2 million by the total proportionate PAT of RM17.6 million, using audited financial figures for the FYE 2024, resulting in an implied PER of 5.30 times.

(2) The implied PER for Logistic Segment is derived by dividing the total Purchase Consideration of RM77.90 million by the total proportionate PAT of RM3.8 million, using audited financial figures for the financial year ended 2024, resulting in an implied PER of 20.38 times.

(3) The implied PER for IT Segment is derived by dividing the total Purchase Consideration of RM17.50 million by the total proportionate PAT of RM2.8 million, using audited financial figures for the financial year ended 2024, resulting in an implied PER of 7.61 times.

(4) The implied PER for Without Direct Comparable Segment is derived by dividing the total Purchase Consideration of RM41.10 million by the total proportionate PAT of RM6.2 million, using audited financial figures for the financial year ended 2024, resulting in an implied PER of 6.66 times.

(5) The total Implied Acquisition PER is derived by dividing the total Purchase Consideration of RM229.8 million by the sum of proportionate PAT of RM29.9 million, resulting in the total Implied Acquisition PER of 7.68 times.

(6) *The total implied PER range (Min and Max) is derived by dividing the sum of the valuations calculated using the respective Min and Max PER by the total proportionate PAT. Specifically, the proportionate PAT across the Plantation, Logistics, IT, and Without Direct Comparable segments amounts to RM17.6 million, RM3.8 million, RM2.3 million, and RM6.2 million respectively, resulting in a total of RM29.9 million. Using this as the total proportionate PAT, the valuation sum based on the minimum PER range of respective segment is RM134.6 million, resulting in implied PER of 4.50 times. Similarly, applying the maximum PER range of the respective segment results in a total valuation of RM362.2 million and an implied PER of 12.12 times.*

In summary, we note that the overall implied PER multiples for all Target Companies under the respective segments, i.e., Plantation, Logistics, IT, and those without direct comparable of 7.68 times fall within the observed overall minimum and maximum PER range of the selected comparable companies of between 4.50 to 12.12 times.

<u>QuantePhi's commentaries:</u>

Based on the relative multiples shown above, we noted that the Implied Acquisition PER used in the Purchase Consideration of 7.68 times is within the Implied Trading Comparable Analysis PER range of 4.50 to 12.12 times

Premised on our evaluation of the Purchase Consideration above, we are of the view that the Purchase Consideration for the Proposed Acquisitions is **fair**.

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5.3 Salient Terms of SSA for Proposed Acquisitions

5.3.1 SSA1

Our commentaries on the salient terms of the SSA 1, as extracted from Appendix I of the Circular, are as follows: -

Salient terms	QuantePhi's commentaries
1. Sale Shares *(a) Sale and Purchase* *Subject to the terms and conditions of the SSA 1:* *(i) KPF shall sell and transfer to FGVPI, the SSA 1 Sale Shares free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date (as defined below); and* *FGVPI shall purchase and accept the transfer of the SSA 1 Sale Shares from KPF free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date.* *(b) Purchase all SSA 1 Sale Shares* *FGVPI shall not be obliged to complete the purchase of any of the SSA 1 Sale Shares unless the purchase of all the SSA 1 Sale Shares is completed simultaneously. For the avoidance of doubt, it is the intention of FGVPI and KPF that the SSA 1 Sale Shares shall comprise of all the ordinary shares held by KPF respectively in the SSA 1 Target Companies as at the completion date, (i) fourteen (14) days from the date on which the Conditions Precedent is fulfilled, or as the case may be, waived by FGVPI or (ii) any other date agreed in writing between KPF and FGVPI so as to enable FGVPI to own one hundred percent (100%) of the total issued and paid-up ordinary shares in the SSA 1 Target Companies, notwithstanding the number of shares held by*	This provision ensures that FGVPI obtains full legal and beneficial ownership of the SSA 1 Target Companies. The condition that all the SSA 1 Sale Shares must be bought together and only if SSA 2 is also completed helps avoid any situation where FGVPI ends up with only part of the companies. This structure is common in transactions like this and helps make sure that everything is finalised together. It also reduces risks and makes it easier to integrate the acquired companies into the Group. We are of the view that these terms are reasonable and do not harm the interests of FGV's non-interested shareholders.

Salient terms	QuantePhi's commentaries
KPF in the SSA 1 Target Companies as at the date of the SSA 1. *KPF shall not be obliged to complete the sale of any of the SSA 1 Sale Shares and FGVPI shall not be obliged to complete the purchase of any of the SSA 1 Sale Shares, unless: (i) the sale and purchase of all of the SSA 1 Sale Shares (and not some only); and (ii) the sale and purchase of all of the SSA 1 Sale Shares the subject of the SSA 2, are completed simultaneously.*	
2. Condition Precedent *The sale and purchase of the SSA 1 Sale Shares and completion thereof are conditional upon the conditions precedent being fulfilled, obtained or waived in writing by FGVPI within the period of three (3) calendar months from the date of the SSA 1 or such other extended time period as FGVPI and KPF may mutually agree in writing as the extended period within which the Conditions Precedent must be fulfilled or such other period as may be mutually agreed upon by FGVPI and KPF in writing:* *(a) Approval of members, directors and shareholders* *The approvals of:* *(i) The approval of the KPF members in respect of the SSA 1 Sale Shares (if required);* *(ii) the board of directors and the shareholder of FGVPI in respect of the purchase of the SSA 1 Sale Shares; and* *(iii) the shareholders of FGV in respect of the purchase of the SSA 1 Sale Shares.* *(b) Other Approvals* *(i) If required, the approval or consent of relevant Public Authorities and third parties which FGVPI may be required to obtain for the purchase of the SSA 1 Sale Shares; and*	The conditions precedent outlined in this clause form a clear and structured governance framework to ensure that all necessary approvals are in place before the transaction is completed. These includes approvals from KPF members and directors, the boards and shareholders of FGVPI and FGV, as well as any required consents from regulators or third parties. Collectively, these requirements help manage legal and compliance risks that could otherwise delay or complicate the transaction's completion. The inter-conditional execution of SSA 2 also adds contractual clarity and alignment. Importantly, the three-month cut-off period is commercially reasonable, offering sufficient time to satisfy conditions without causing undue delay. We are of the view that the conditions precedent are reasonable.

<table>
<tr><th>Salient terms</th><th>QuantePhi's commentaries</th></tr>
<tr><td>

(ii) *If required, the approval or consent of the relevant Public Authorities and third parties which the SSA 1 Target Companies may be required to obtain for its change in shareholders.*

(c) *Execution of the SSA 2*

The SSA 2 has been duly executed by all the parties thereto and contain a provision that stipulate the completion of the SSA 2 that is inter-conditional with the completion of the SSA 1.

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3. Consideration

(a) *Purchase Consideration*

The consideration for the sale, purchase and transfer of the SSA 1 Sale Shares shall be the amount of Ringgit Malaysia Fifty-Four Million Six Hundred Ninety-Six Thousand Seven Hundred Nineteen (RM54,696,719) as more particularly set out in the table below:

No	***Target Companies***	***Number of Sale Shares***	***Purchase Consideration (RM)***
1.	*FGVKP*	*4,000,000*	*12,937,998*
2.	*FGVR*	*38,333,333*	*17,894,835*
3.	*FGVMS*	*8,330,000*	*23,863,886*
		Total	***54,696,719***

(b) *Satisfaction of the Purchase Consideration*

FGVPI shall pay or cause to be paid the SSA 1 Purchase Consideration to KPF in the following manner:

(i) *deposit which is equivalent to ten percent (10%) of the SSA 1 Purchase Consideration shall be paid to the Stakeholder within seven (7) days upon signing of the SSA 1;*

(ii) *part of the SSA 1 Purchase Consideration which is equivalent to ten percent (10%) of the SSA 1 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon obtaining the approval of the shareholders of FGV; and*

</td><td>

This term is beneficial to FGV as it provides a structured and phased payment schedule that aligns payment milestones with key corporate approvals and conditions.

This phased approach mitigates financial exposure by deferring 80% of the Purchase Consideration until all conditions are satisfied, thereby protecting FGV's interests and preserving cash flow.

Moreover, the agreement to declare dividends and undertake capital injections prior to completion reflects sound commercial planning and equitable treatment of both shareholders.

Premised on the above, we are of the view that the purchase consideration terms are reasonable, commercially sound, and not detrimental to the non-interested shareholders of FGV.

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Salient terms	QuantePhi's commentaries
(iii) the balance SSA 1 Purchase Consideration which is equivalent to eighty percent (80%) of the SSA 1 Purchase Consideration shall be paid to KPF at completion of sale and purchase of the SSA 1 Sale Shares in accordance with SSA 1. *All amounts paid to the stakeholder shall be deposited in an income generating account with a financial institution that is part of a banking group listed on Bursa Securities.* *(c) Pre-Completion Obligations* *Commencing from the date of the SSA 1 and pending Completion subject to Clause 6 of the SSA 1, FGVPI and KPF shall as soon as practicable undertake and procure the following:* *(i) FGVPI and KPF shall declare and distribute dividend of FGVKP in proportion to their respective shareholding as set out in the Schedule 3 of the SSA 1; and* *(ii) FGVPI and KPF shall undertake a capital injection to FGVR in proportion to their respective shareholding as set out in the Schedule 3 of the SSA 1.* *Pursuant to Schedule 3 of the SSA 1, the shareholdings of KPF and FGVPI in FGVR upon completion of the capital injection will be as follows:*	

	KPF	***FGVPI***	***Total***
No. of ordinary shares held in FGVR as at the LPD	*25,000,000*	*50,000,000*	*75,000,000*
No. of additional ordinary shares in FGVR to be issued pursuant to the capital injection	*13,333,333*	*26,666,667*	*40,000,000*

<table>
<tr><th>Salient terms</th><th>QuantePhi's commentaries</th></tr>
<tr><td><table><tr><td>Enlarged total no. of ordinary shares in FGVR after the capital injection</td><td>38,333,333</td><td>76,666,667</td><td>115,000,000</td></tr></table></td><td></td></tr>
<tr><td>4. Condition Subsequent

(a) FGVPI shall, no later than twelve (12) months from the Completion, submit the draft proposal on the post-transaction business model to the shareholders of FGVPI for review and deliberation.</td><td>The inclusion of post-completion deliverables reflects thoughtful transaction planning and reinforces the strategic intent behind the Proposed Acquisition.

The business model proposal will help guide the operational transition of the acquired entities under FGVPI, particularly in aligning performance and governance targets.

We are of the view that these terms are reasonable and support long-term integration success.</td></tr>
<tr><td>5. Termination

(a) Mutual termination

Pursuant to Clause 10.3 of the SSA 1, both FGVPI and KPF may by mutual agreement terminate SSA 1 before the Completion and upon such termination SSA 1 shall cease to have any legal effect save for (i) any right of FGVPI and KPF that are expressly reserved and (ii) for any right pursuant to any antecedent breach of the SSA 1.

(b) Termination by KPF

Pursuant to Clause 10.2 of the SSA 1, KPF is entitled to immediately terminate SSA 1 in the event of the occurrence of any of the following before on or before the Completion Date:</td><td>The termination provisions set out the rights of each party in the event of non-performance or material breach. These rights are tied to common triggers such as breach of contract, failure to fulfil payment obligations, or insolvency, all of which are standard and reasonable.

The provisions also set out the consequences of termination, including the return of documents and refund or forfeiture of deposits depending on the circumstances.</td></tr>
</table>

Salient terms	QuantePhi's commentaries
(i) SSA 2 is terminated; *(ii) FGVPI commits a material breach of the SSA 1, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by FGVPI and KPF from written notice given by KPF specifying the breach;* *(iii) FGVPI goes into voluntary or compulsory liquidation, except for the purpose of amalgamation or reconstruction, or a winding up petition is presented against FGVPI which is not discharged within thirty (30) days;* *(iv) FGVPI is unable to satisfy the SSA 1 Purchase Consideration; or* *(v) there is a breach of any representations, warranties or statements made by FGVPI in SSA 1.* *Upon termination, KPF has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.* *(c) Termination by FGVPI* *Pursuant to Clause 10.3 of the SSA 1, FGVPI is entitled to immediately terminate SSA 1 in the event of the occurrence of any of the following on or before the Completion Date:* *(i) KPF commits a material breach of SSA 1, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by the FGVPI and KPF from written notice given by FGVPI specifying the breach;* *(ii) KPF goes into liquidation, except for the purpose of amalgamation or reconstruction, or a winding up is commenced against KPF pursuant to the Co-operative Societies Act 1993 which is not discontinued within thirty (30) days;*	This structure helps avoid disputes and gives both parties clarity on their entitlements. Overall, we are of the view that the termination terms are balanced, commercially sound, and provide adequate safeguards for FGV and its non-interested shareholders.

Salient terms	QuantePhi's commentaries
(iii) KPF fails to deliver to FGVPI the transfer documents or such other documents necessary to transfer and register the SSA 1 Sale Shares and is unable to remedy the default within fourteen (14) business days from written notice given by FGVPI; or *(iv) there is a breach of any representations, warranties or statements made by KPF in SSA 1.* *Upon termination, FGVPI has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.* *(d) Consequences of termination* *In the event of a notice of termination ("**Notice of Termination**") being duly given under the provisions of Clause 10.1 of the SSA 1 as set out above:* *(i) FGVPI and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 1; and* *(ii) KPF shall refund the deposit and any other sum paid towards the SSA 1 Purchase Consideration together with all income earned thereon, if any, pursuant to SSA 1, to FGVPI* *In the event of a Notice of Termination being duly given under the provisions of Clause 10.2 of the SSA 1 as set out above:* *(i) FGVPI and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 1; and* *(ii) provided that KPF has complied with all its obligations under SSA 1, the Deposit together with all income earned thereon, if any, shall be deemed forfeited in favour of KPF as agreed liquidated damages.*	

Salient terms	QuantePhi's commentaries
In the event of a Notice of Termination being duly given under the provisions of Clause 10.3 of SSA 1 as set out above: *(i) FGVPI and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 1; and* *(ii) KPF shall refund the deposit together with all income earned thereon, if any, to FGVPI.* *Upon termination, FGVPI has the right to claim damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.*	

Premised on the above, we are of the view that the salient terms and conditions of the SSA1 are considered reasonable and not detrimental to the non-interested shareholders of FGV.

5.3.2 SSA2

Our commentaries on the salient terms of the SSA 2, as extracted from Appendix I of the Circular, are as follows: -

Salient terms	***QuantePhi's commentaries***
1. Sale Shares *(a) Sale and Purchase* *Subject to the terms and conditions of the SSA 2:* *(i) KPF shall sell and transfer to the FHB, the SSA 2 Sale Shares free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date (as defined below); and* *(ii) FHB shall purchase and accept the transfer of the SSA 2 Sale Shares from KPF free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential*	This provision ensures that FHB obtains full legal and beneficial ownership of the SSA 2 Target Companies. The condition that all the SSA 1 Sale Shares must be bought together and only if SSA 2 is also completed helps avoid any situation where FGVPI ends up with only part of the companies. This structure is common in transactions like this and helps make sure that everything is finalised together. It also reduces risks and makes it easier to integrate the acquired companies into the Group.

Salient terms	***QuantePhi's commentaries***
right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date. *(b) Purchase all SSA 2 Sale Shares* *FHB shall not be obliged to complete the purchase of any of the SSA 2 Sale Shares unless the purchase of all the SSA 2 Sale Shares is completed simultaneously. For the avoidance of doubt, it is the intention of FHB and KPF that the SSA 2 Sale Shares shall comprise of all the ordinary shares held by KPF respectively in the SSA 1 Target Companies as at the completion date, (i) fourteen (14) days from the date on which the Conditions Precedent is fulfilled, or as the case may be, waived by FHB or (ii) any other date agreed in writing between KPF and FHB so as to enable FHB to own one hundred percent (100%) of the total issued and paid-up ordinary shares in the SSA 2 Target Companies, notwithstanding the number of shares held by KPF in the SSA 2 Target Companies as at the date of SSA 2.* *KPF shall not be obliged to complete the sale of any of the SSA 2 Sale Shares and FHB shall not be obliged to complete the purchase of any of the SSA 2 Sale Shares, unless: (i) the sale and purchase of all of the SSA 2 Sale Shares (and not some only); and (ii) the sale and purchase of all of the SSA 2 Sale Shares the subject of the SSA 1, are completed simultaneously.*	We are of the view that these terms are reasonable and do not harm the interests of FGV's non-interested shareholders.
2. ***Condition Precedent*** *The sale and purchase of the sale shares under SSA 2 and completion thereof are conditional upon the conditions precedent being fulfilled, obtained or waived in writing by FHB within the same day falling three (3) calendar months from the date of the SSA 2 or such other extended time period as FHB and KPF may mutually agree in writing as the extended period within which the Conditions Precedent must be fulfilled or such other period as may be mutually agreed upon by FHB and KPF in writing::* *(a) Approval of members, directors and shareholders* *The approvals of:* *(i) the directors and members of KPF in respect of the SSA 2 Sale Shares (if required);*	The conditions precedent outlined in this clause form a clear and structured governance framework to ensure that all necessary approvals are in place before the transaction is completed. These includes approvals from KPF members and directors, the boards and shareholders of FHB and FGV, as well as any required consents from regulators or third parties.

<table>
<tr><th>Salient terms</th><th>QuantePhi's commentaries</th></tr>
<tr><td>
(ii) the board of directors and the shareholder of FHB in respect of the purchase of the sale shares under SSA 2; and

(iii) the shareholders of FGV in respect of the purchase of the sale shares under SSA 2

(b) Other Approvals

(i) If required, the approval or consent of relevant Public Authorities and third parties which FHB may be required to obtain for the purchase of the SSA 2 Sale Shares; and

(ii) If required, the approval or consent of the relevant public authorities and third parties which the Target Companies under SSA 2 may be required to obtain for its change in shareholders.

(c) Execution of the SSA 1

The SSA 1 has been duly executed by all the parties thereto and contain a provision that stipulate the completion of the SSA 1 that is inter-conditional with the completion of the SSA 2.
</td><td>
Collectively, these requirements help manage legal and compliance risks that could otherwise delay or complicate the transaction's completion.

The inter-conditional execution of SSA 1 also adds contractual clarity and alignment. Importantly, the three-month cut-off period is commercially reasonable, offering sufficient time to satisfy conditions without causing undue delay.

We are of the view that the conditions precedent are reasonable.
</td></tr>
<tr><td>
3. Consideration

(a) Purchase Consideration

The consideration for the sale, purchase and transfer of the SSA 2 Sale Shares shall be the amount of Ringgit Malaysia One Hundred Seventy-Five Million Fifty-Four Thousand Six Hundred Thirty-three (RM175,054,633) only as more particularly set out in the table below:

<table>
<tr><th>No</th><th>Target Companies</th><th>Number of Sale Shares</th><th>Purchase Consideration (RM)</th></tr>
<tr><td>1.</td><td>FGVAS</td><td>15,000,000</td><td>62,439,688</td></tr>
<tr><td>2.</td><td>FGVTAS</td><td>14,700,000</td><td>77,904,156</td></tr>
<tr><td>3.</td><td>FGVSS</td><td>1,411,200</td><td>17,234,444</td></tr>
<tr><td>4.</td><td>FGVPS</td><td>2,500,000</td><td>17,476,344</td></tr>
<tr><td>5.</td><td>FGVRI</td><td>59,539,917</td><td>1</td></tr>
<tr><td colspan="3">Total</td><td>175,054,633</td></tr>
</table>
</td><td>
This term is beneficial to FGV as it provides a structured and phased payment schedule that aligns payment milestones with key corporate approvals and conditions.

This phased approach mitigates financial exposure by deferring 80% of the Purchase Consideration until all conditions are satisfied, thereby protecting FGV's interests and preserving cash flow.
</td></tr>
</table>

Salient terms	*QuantePhi's commentaries*
(b) *Satisfaction of the Purchase Consideration* *FHB shall pay or cause to be paid the SSA 2 Purchase Consideration to KPF in the following manner:* *(i) deposit which is equivalent to ten (10%) of the SSA 2 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon signing of the SSA 2;* *(ii) part of the SSA 2 Purchase Consideration which is equivalent to ten percent (10%) of the SSA 2 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon obtaining the approval of the shareholders of FGV; and* *(iii) the balance SSA 2 Purchase Consideration which is equivalent to eighty percent (80%) of the SSA 2 Purchase Consideration shall be paid to the KPF at completion of sale and purchase of the SSA 2 Sale Shares in accordance with SSA 2.* *All amounts paid to the stakeholder shall be deposited in an income generating account with a financial institution that is part of a banking group listed on Bursa Securities.* (c) *Pre-Completion Obligations* *Commencing from the date of the SSA 2 and pending Completion subject to Clause 6 of the SSA 2, FHB and KPF shall as soon as practicable undertake and procure the following:-* *(i) FHB and KPF shall declare and distribute dividend of FGVAS in proportion to their respective shareholding as set out in the Schedule 2 of the SSA 2;* *(ii) FHB and KPF shall undertake a capital injection to FGVRI in proportion to their respective shareholding as set out in the Schedule 2 of SSA 2.* *Pursuant to Schedule 2 of the SSA 2, the shareholdings of KPF and FHB in FGVRI upon completion of the capital injection will be as follows:*	Moreover, the agreement to declare dividends and undertake capital injections prior to completion reflects sound commercial planning and equitable treatment of both shareholders. Premised on the above, we are of the view that the purchase consideration terms are reasonable, commercially sound, and not detrimental to the non-interested shareholders of FGV.

<table>
<tr><th>Salient terms</th><th>QuantePhi's commentaries</th></tr>
<tr><td>

	KPF	FHB	Total
No. of ordinary shares held in FGVRI as at the LPD	*12,000,000*	*30,000,000*	*42,000,000*
No. of additional ordinary shares in FGVRI to be issued pursuant to the capital injection	*47,539,917*	*118,849,791*	*166,389,708*
Enlarged total no. of ordinary shares in FGVRI after the capital injection	*59,539,917*	*148,849,791*	*208,389,708*

</td><td></td></tr>
<tr><td>

4. Termination

(a) Mutual termination

Pursuant to Clause 9.1 of the SSA 2, both FHB and KPF may by mutual agreement terminate SSA 2 before the Completion and upon such termination SSA 2 shall cease to have any legal effect save for (i) any right of FHB and KPF that are expressly reserved and (ii) for any right pursuant to any antecedent breach of SSA 2.

(b) Termination by KPF

Pursuant to Clause 9.2 of the SSA 2, KPF is entitled to immediately terminate SSA 2 in the event of the occurrence of any of the following on or before the Completion Date:

(i) SSA 1 is terminated;

</td><td>

The termination provisions set out the rights of each party in the event of non-performance or material breach. These rights are tied to common triggers such as breach of contract, failure to fulfil payment obligations, or insolvency, all of which are standard and reasonable.

The provisions also set out the consequences of termination, including the return of documents and refund or forfeiture of deposits depending on the circumstances.

</td></tr>
</table>

Salient terms	*QuantePhi's commentaries*
(ii) *FHB commits a material breach of the SSA 2, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by FHB and KPF from written notice given by KPF specifying the breach;* (iii) *FHB goes into voluntary or compulsory liquidation, except for the purpose of amalgamation or reconstruction, or a winding up petition is presented against FHB which is not discharged within thirty (30) days;* (iv) *FHB is unable to satisfy the SSA 2 Purchase Consideration; or* (v) *there is a breach of any representations, warranties or statements made by FHB in SSA 2; or* *Upon termination, KPF has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.* (c) *Termination by FHB* *Pursuant to Clause 9.3 of the SSA 2, FHB is entitled to immediately terminate SSA 2 in the event of the occurrence of any of the following on or before the Completion Date:* (i) *KPF commits a material breach of the SSA 2, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by the Parties from written notice given by FHB specifying the breach;* (ii) *KPF goes into liquidation, except for the purpose of amalgamation or reconstruction, or a winding up is commenced against KPF pursuant to the Co-operative Societies Act 1993 which is not discontinued within thirty (30) days;*	This structure helps avoid disputes and gives both parties clarity on their entitlements. Overall, we are of the view that the termination terms are balanced, commercially sound, and provide adequate safeguards for FGV and its non-interested shareholders.

Salient terms	*QuantePhi's commentaries*
(iii) KPF fails to deliver to FHB the transfer documents or such other documents necessary to transfer and register the SSA 2 Sale Shares and is unable to remedy the default within fourteen (14) business days from written notice given by FHB; or *(iv) there is a breach of any representations, warranties or statements made by KPF in SSA 2.* *Upon termination, FHB has the right to claim damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.* *(d) Consequences of termination* *In the event of a notice of termination being duly given under the provisions of Clause 9.1 of SSA 2:* *(i) FHB and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 2; and* *(ii) KPF shall refund the deposit, and any other sum paid towards the SSA 2 Purchase Consideration together with all income earned thereon, if any, pursuant to SSA 2, to FHB.* *In the event of a Notice of Termination being duly given under the provisions of Clause 9.2 of SSA 2 as set out above:* *(i) FHB and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 2; and* *(ii) provided that KPF has complied with all its obligations under SSA 2, the deposit together with all income earned thereon, if any, shall be deemed forfeited in favour of KPF as agreed liquidated damages.* *In the event of a Notice of Termination being duly given under the provisions of Clause 9.3 of SSA 2 as set out above:*	

Salient terms	*QuantePhi's commentaries*
(i) FHB and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 2; and *(ii) KPF shall refund the deposit together with all income earned thereon, if any, to FHB.* *Upon termination, FHB has the right to claim damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.*	

Premised on the above, we are of the view that the salient terms and conditions of the SSA2 are considered reasonable and not detrimental to the non-interested shareholders of FGV.

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5.4 Industry Outlook and Future Prospects after the Proposed Acquisitions

In evaluating the prospects of FGV Group moving forward, we have considered the overview and outlook of the Malaysian economy, outlook of the Oil Palm Industry in Malaysia and FGV Group's future plans.

5.4.1 Overview and Outlook of Malaysian Economy

"The Malaysian economy expanded by 4.4% in the first quarter of 2025 (4Q 2024: 4.9%), driven by the steady expansion in domestic demand. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower mining exports. This was partially offset by stronger electrical and electronics (E&E) exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

On the supply side, growth was driven by the services and manufacturing sectors. Services sector was supported by higher Government services while strong E&E production underpinned the performance in the manufacturing sector. However, normalisation in motor vehicle sales and production following strong performances over the last three years affected the growth of services and manufacturing sectors respectively. Overall growth was also weighed down by a contraction in the mining sector amid lower oil and gas production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.7% (4Q 2024: -0.2%).

Headline inflation moderated to 1.5% in the first quarter (4Q 2024: 1.8%). The moderation was largely due to lower utilities inflation at 3.0% (4Q 2024: 18.1%). This followed the dissipation of the effects of earlier water tariff adjustments and higher electricity charges for high-usage households in 1Q 2024. Inflation in mobile communication services continued to decline, averaging at -13.5% (4Q 2024: -10%). Core inflation, however, edged higher to 1.9% (4Q 2024: 1.7%). It was driven mainly by rental inflation, which rose to 2.1% (4Q 2024: 1.7%). Inflation pervasiveness, measured by the share of Consumer Price Index (CPI) items recording monthly price increases, experienced an uptick amid seasonal menu price adjustments. Nonetheless, it remained well below the long-term average for the first quarter (43.3%; 4Q 2024: 39.8%; 1Q 2011-2019: 52.2%).

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025, Bank Negara Malaysia)

The economy growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives.

A pertinent initiative which is GEAR-uP, will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)"

<u>QuantePhi's commentaries:</u>

The Malaysian economy continued to expand in Q1 2025, recording a growth of 4.4% year-on-year, driven by steady domestic demand, improved labour market conditions, and firm private investment. The services and manufacturing sectors remained key contributors to output, while the construction sector also rebounded on the back of large infrastructure projects. Although external demand was softer due to weaker mining exports, this was partially offset by resilient E&E exports and stronger tourism activity. On a quarter-on-quarter seasonally adjusted basis, gross domestic product ("**GDP**") grew by 0.7%, indicating stable underlying momentum.

Inflation remained contained with headline inflation easing to 1.5%, primarily due to the dissipation of earlier adjustments in utilities prices. Core inflation edged slightly higher to 1.9% led by rental costs, but remained manageable. Overall, the inflation environment suggests limited cost pressure in the near term.

Looking forward, Malaysia's GDP growth for 2025 is projected between 4.5% and 5.5%, supported by robust private sector expenditure, favourable trade conditions particularly in the E&E segment and continued implementation of national initiatives such as GEAR-uP. These developments provide a conducive macroeconomic backdrop for business growth and investment.

In our opinion, the favourable macroeconomic environment and the Government's focus on value-added sectors provide a supportive backdrop for the long-term growth of the Target Companies. These developments are expected to positively contribute to the long term growth potential and strategic positioning of FGV Group following the completion of the Proposed Acquisitions.

5.4.2 Overview and Outlook of Palm Oil Industry in Malaysia

"The Malaysian oil palm industry experienced a mixed performance in 2024 compared to the previous year. The oil palm planted area saw a slight decline, primarily due to ongoing site preparations for replanting initiatives, as well as the conversion of oil palm land to alternative agricultural or developmental uses, such as coconut cultivation and residential, commercial, or industrial projects.

Crude palm oil (CPO) production, however, saw a modest increase of 4.2%, reaching 19.34 million tonnes, up from 18.55 million tonnes in 2023. This growth was driven by improved labour availability in the plantation sector, which shortened harvesting intervals and enhanced maintenance activities. Additionally, the more efficient labour situation contributed to a 5.8% rise in FFB yield, which reached 16.70 tonnes per HA, compared to 15.79 tonnes per HA in 2023.

On the other hand, the oil extraction rate (OER) declined by 1.0%, falling to 19.67% from 19.86% in 2023. This reduction was largely due to a lower proportion of ripe and high-quality FFB being processed by palm oil mills. Furthermore, adverse weather conditions, particularly heavy rainfall in June, July, and the last quarter of the year, led to flooding in certain areas, further affecting OER performance.

The decrease in palm oil stocks was a result of higher export activity. In 2024, Malaysia's palm oil exports rose to 16.90 million tonnes, up from 15.14 million tonnes in 2023. India remained the largest importer of Malaysian palm oil for the 11th consecutive year, receiving 3.03 million tonnes, or 17.9% of total exports. Other significant markets included China (1.39 million tonnes, 8.2%), the European Union (1.29 million tonnes, 7.7%), Kenya (1.26 million tonnes, 7.5%), Turkiye (0.91 million tonnes, 5.4%), the Philippines (0.69 million tonnes, 4.1%), and Japan (0.60 million tonnes, 3.6%). These seven markets collectively accounted for 54.2% of total Malaysian palm oil exports in 2024, amounting to 9.17 million tonnes.

The average prices of oil palm products continued their upward trend in 2024, driven primarily by stronger export demand, lower palm oil stocks, and Indonesia's planned implementation of the B40 biofuel program in 2025. The average CPO price increased by 9.7%, reaching RM4,179.50 per tonne, compared to RM3,809.50 in 2023. The highest and lowest monthly average CPO prices were recorded in December and January, at RM5,119.50 per tonne and RM3,783.50 per tonne, respectively.

The prices of palm kernel and crude palm kernel oil also saw significant increases, rising by 31.2% to RM2,645.50 per tonne and RM5,475.50 per tonne, respectively. This surge was driven by supply tightness and higher lauric oil prices in the global market. The average price of FFB at 1% OER rose by 13.5%, or RM5.36, to RM44.98 per tonne, compared to RM39.62 per tonne the previous year, thereby boosting the income of both smallholders and estates.

As a result of the higher CPO prices, total export earnings surged by 15.2%, reaching RM109.4 billion, up from RM94.9 billion in 2023.

Palm oil ending stocks closed lower in December 2024 after three consecutive years of increases, reaching 1.71 million tonnes-a decline of 0.58 million tonnes, or 25.4%, compared to 2.29 million tonnes in December 2023. This decrease was driven by a reduction in palm oil imports by 0.65 million tonnes, along with a 1.77 million tonne increase in palm oil exports compared to the previous year.

(Source: Overview of the Malaysian Oil Palm Industry in 2024, Malaysia Palm Oil Board)

The direction of palm oil prices in 2025 will largely depend on the export supply dynamics of Malaysia and Indonesia, along with policy shifts in the United States of America and Indonesia. In Malaysia, palm oil production is anticipated to remain steady at 19.5 million tonnes in 2025, while Indonesia is projected to recover by approximately 2 million tonnes, reaching 48 million tonnes. However, the recovery in Indonesia's production is anticipated to be fully absorbed by the increased demand for B40 biodiesel blending. Therefore, export supplies from both Malaysia and Indonesia are unlikely to see significant growth.

(Source: Palm Oil Price Outlook in 2025: Policy Shifts to Drive Price Movements, Malaysia Palm Oil Council)"

<u>QuantePhi's commentaries:</u>

It appears that the overall outlook for the Malaysian palm oil industry remains positive and broadly supportive of long-term growth. In 2024, the industry recorded a 4.2% increase in CPO production, reaching 19.34 million tonnes, driven by improved labour availability and FFB yields. Export activity also strengthened, with total palm oil exports rising to 16.90 million tonnes, supported by sustained demand from major markets such as India, China, and the European Union. Together with the tighter stock levels and Indonesia's domestic biodiesel programme, these factors contributed to a 9.7% increase in the average CPO price, which rose to RM4,179.50 per tonne. As a result, total palm oil export earnings surged to RM109.39 billion in 2024.

Looking ahead, palm oil production in Malaysia is expected to remain steady in 2025, while any increase in Indonesian supply is anticipated to be absorbed by its domestic B40 biodiesel mandate. With limited supply growth from both countries and continued global demand, the price environment for palm oil is expected to remain firm. This is further supported by structural demand for lauric oils.

In our opinion, the favourable pricing environment and export dynamics provide a compelling backdrop for the Proposed Acquisitions. Full control of palm oil manufacturing entities will enable the Group to better capture value across the supply chain, streamline tolling and marketing activities, and improve overall earnings visibility. These developments are expected to enhance the strategic positioning of the FGV Group and contribute positively to its long-term growth.

5.4.3 Prospects of the Target Companies

*"As set out in **Section 4 of Part A** of this Circular, the Proposed Acquisitions will result in the Target Companies becoming wholly-owned subsidiaries of FGVPI or FHB, where applicable. This will enable the Group to have a better control in the Target Companies, allowing for greater operational control, faster decision-making, and alignment with the Group's strategic direction. The future performance of the enlarged Group will depend on the overall outlook of the oil palm industry and the Group's ability to effectively manage, transform, and optimise the operations of the acquired entities.*

The Proposed Acquisitions 1, through a more streamlined operations are expected to improve the FGVPI Group's performance as it will obtain full ownership of FGVKP and FGVR which are involved in palm products manufacturing. Additionally, our Group intends to consolidate debt and financial management of the entities within the FGVPI Group which will support improved financial planning, cash flow management, budgeting, and performance monitoring across the operations.

*FGVMS, through its dormant subsidiary, P.T. Cashgrow Ventures ("**PTCGV**"), holds an export licence for purchasing and exporting crude palm oil (CPO) from the Indonesian market. The export licence remains valid since 21 May 2015 and does not subject to any renewal requirements. For the avoidance of doubt, PTCGV remains dormant as at the LPD, and FGVMS does not derive any income from the Indonesian market. All of FGVMS' revenue is generated from FGVKP. Any plans or strategies relating to the potential re-entry to the Indonesian market are subject to review upon completion of the Proposed Acquisitions.*

Proposed Acquisitions 2 is aimed at centralising our Group's ancillary services, which include IT, logistics and transportation, and security services. Full control would allow our Group to streamline service delivery and enhance margin capture from support functions such as logistics and IT. The Proposed Acquisitions 2 would allow our Group to improve logistics efficiency of FGVTS through better fleet utilisation and route optimisation as well as positioning FGVTS as a third-party logistics service provider to grow its external revenue.

FGVPS will continue to support our Group's digital adoption through enterprise information and communication technology (ICT), automation, artificial intelligence (AI) and smart agriculture solutions, with potential to scale its offerings to external markets, whilst FGVSS will continue to focus on strengthening our Group's internal security operations through improved workforce deployment and training programmes, reinforcing our Group's resilience.

With full control of FGVAS, our Group will be better positioned to streamline R&D activities across the organisation. This will enhance efforts in product innovation, process improvement, and addressing key industry challenges such as labour shortages. Our Group anticipates that full control of FGVAS will not only enhance operational efficiency but also strengthen FGVAS' long-term competitiveness and reinforce its value proposition as one of the largest producers of oil palm seeds in Malaysia."

Quantephi's Commentaries:

Following the Proposed Acquisitions, the Target Companies will become wholly-owned subsidiaries of FGVPI or FHB, enabling the Group to exercise full control over their operations. This is expected to enhance operational efficiency through faster decision-making, improved strategic alignment, and better execution of transformation initiatives across the enlarged Group. The long-term performance will depend on both the broader industry outlook and FGV Group's ability to effectively manage, optimise, and integrate the acquired entities.

For Proposed Acquisitions 1, the streamlining of operations is anticipated to benefit FGVPI through full ownership of FGVKP and FGVR, which are engaged in palm products manufacturing. This consolidation is expected to improve coordination, enhance performance, and support financial management through centralised debt handling, budgeting, and monitoring. Additionally, although PTCGV under FGVMS remains dormant as at the LPD, its valid export licence offers potential for future re-entry into the Indonesian palm oil market. Such prospects, however, remain subject to strategic review following completion.

Under Proposed Acquisitions 2, the centralisation of ancillary services is a key strategic objective. Full ownership of FGVTS is expected to improve logistics efficiency through better fleet utilisation and route optimisation, while also positioning it as a potential third-party logistics provider. FGVPS will continue to support the Group's digital transformation through ICT, automation, AI, and smart agriculture, with potential to scale externally. FGVSS will enhance internal security operations via improved workforce deployment and training, contributing to greater organisational resilience.

Furthermore, full control of FGVAS will enable the Group to streamline its R&D functions, promoting innovation and tackling sector challenges such as labour shortages. In the case of FGVRI, which is currently loss-making, the Group intends to implement a five-year turnaround plan aimed at restoring financial performance and achieving profitability.

In our opinion, the Proposed Acquisitions are expected to deliver operational and strategic benefits to the Group. With full ownership of the Target Companies, FGV will be better positioned to streamline functions, enhance coordination, and optimise performance across its core and support operations. These improvements are expected to contribute positively to the Group's overall long term growth and execution of long-term strategic initiatives.

5.5 Risk Factors associated with the Proposed Acquisitions

Our commentaries on the risk factors of the Proposed Acquisitions, as extracted from Section 6, Part A of this Circular, are as follows: -

Risk factors	QuantePhi's commentaries
(i) Completion Risk *"The completion of the Proposed Acquisitions is subject to, among others, the fulfilment of the conditions precedent in the respective SSAs as set out in* ***Appendix I*** *of this Circular and obtaining the approvals required for the Proposed Acquisitions as set out in* ***Section 9 of Part A*** *of this Circular.* *There can be no assurance that the aforementioned conditions and approvals will be satisfied, waived or obtained, as the case may be, within the stipulated timeframe or any of the termination events will not occur such that the Proposed Acquisitions cannot be completed. Any delay in the fulfilment of the conditions precedent and obtaining the approvals required for the Proposed Acquisitions may lead to a delay in the completion and/or termination of the Proposed Acquisitions and non-realisation of the benefits expected to be realised from the Proposed Acquisitions.* *Notwithstanding, our Company will take all necessary and reasonable steps to ensure the fulfilment of the conditions precedent in the respective SSAs which are within our Company's control within the stipulated timeframe as well as mitigate the occurrence of any of the termination events that are within our Company's control to complete the Proposed Acquisitions."*	We note that the completion of the Proposed Acquisitions is contingent upon the fulfilment of several conditions precedent outlined in the SSAs, including approvals from relevant regulatory authorities and parties. These conditions, while customary in transactions of this nature, carry a degree of uncertainty as their fulfilment is subject to factors both within and outside the control of the parties involved. While there is certain element of uncertainty, such risks are typical for transactions in this nature. FGV Group has indicated that they will take reasonable steps within their control to satisfy the conditions and mitigate any issues. This risk appears to be manageable and not unusual for corporate exercises of this nature.
(ii) Financing and Interest Rate Risk *"The Proposed Acquisitions will be 61% financed by new bank borrowings and 39% by internally generated funds.*	We note that the Proposed Acquisitions will be partly funded by bank borrowings, which means the Group may be affected by changes in interest rates.

Risk factors	QuantePhi's commentaries
We will issue sukuk murabahah of up to RM200.0 million in nominal value under our existing sukuk murabahah programme. On 9 June 2025, Maybank Islamic Berhad has obtained approval to subscribe up to RM200.0 million from the issuance of sukuk under our existing sukuk murabahah programme. The proceeds from the said issuance of the sukuk will be used to partly fund the Purchase Consideration and the expenses relating to the Proposed Acquisitions *Therefore, we may be exposed to fluctuations in interest rate and repayment commitments. Any adverse movement in the interest rates may lead to higher borrowing costs which consequently may adversely affect the cash flows of our Group and our Group's financial performance in the future and ability to service its financial obligations. Nevertheless, we will continue to monitor and review its debt portfolio, which takes into consideration our Group's gearing level, financing currency, interest costs as well as cash flows to ensure that its financial position and credit profile remains strong and sustainable."*	If interest rates increase, the cost of borrowing could rise, which may affect the Group's cash flow and financial performance. The Board has stated that it will actively monitor and manage its debt to ensure the Group remains in a healthy financial position. This includes reviewing its gearing level, interest costs, and repayment ability from time to time. While there is always some level of uncertainty with market interest rates, we are of the view that this risk is manageable and is not expected to significantly impact the FGV Group.
(iii) Business and Operational Risks *"The Proposed Acquisitions would further expose our Group to risks inherent to the oil palm industry. Some of these risks may include, among others, adverse changes in the economic, social and political conditions, fluctuations in consumer demand and commodity prices, and increase in labour and/or other production costs.* *Our Group's revised commercial and sales strategy across the Target Companies is expected to create growth opportunities. However, there is no assurance that the anticipated benefits will materialise if market response, customer demand, or competitive dynamics differ significantly from expectations.* *Our Group remains exposed to evolving environmental, social, and governance (ESG) compliance requirements, including international trade regulations such as Roundtable on Sustainable Palm Oil (RSPO) standards and EU Deforestation Regulation (EUDR), which may impact market access and operational costs.*	We note that the Proposed Acquisitions will increase FGV's exposure to the oil palm industry, including risks such as changes in commodity prices, labour and production costs, and economic or regulatory conditions. These risks may affect the Group's overall performance if adverse changes occur. However, FGV is already involved in the oil palm sector and related activities, and the Target Companies are part of its core business. As such, these risks are not new to the Group and are already being managed as part of its day-to-day operations. While no assurance can be given that future challenges will not arise, we are of the view that the Group is experienced and well-equipped to handle these risks.

Risk factors	QuantePhi's commentaries
With respect to FGVRI, FGV Group remains exposed to ongoing volatility in the global rubber market, which continues to face pressure from subdued pricing trends and soft export demand. These external factors may impede our Group's efforts to accelerate the recovery and improve the performance of the rubber segment, despite internal strategic measures. *Any unfavourable developments in these market conditions may have an adverse material effect on the oil palm and rubber industries industry in Malaysia and our Group. Nonetheless, such risks will be addressed as part of the FGV Group's ordinary course of business as the FGV Group is already involved in oil palm plantation and its related downstream activities, sugar refining, trading, logistics, marketing, rubber processing, R&D activities, and related agribusiness activities."*	
(iv) Restructuring and transformation risk *"The Proposed Acquisitions are intended to enhance the long-term resilience and competitiveness of the Target Companies by revitalising underperforming assets through operational streamlining, workforce realignment, and financial rehabilitation. However, our Group remains exposed to execution risks associated with these initiatives, including potential operational disruptions, change management challenges, labour disputes, employee dissatisfaction and transitional inefficiencies that may temporarily impact performance and delay the realisation of synergies.* *FGVRI in particular, is in a distressed financial position, characterised by accumulated losses, elevated debt levels, and negative equity. A five-year turnaround plan has been initiated to stabilise and reposition the company, including the placement of FGVRI under FGV Plantations for enhanced oversight, operational support, and financial discipline. While these measures are expected to yield gradual improvements, their success is contingent upon effective implementation, stringent cost controls, and a recovery in demand across the rubber and downstream segments.*	We note that the Proposed Acquisitions involve restructuring efforts aimed at improving the performance of the Target Companies. While these efforts are expected to deliver long-term benefits, they may face execution risks such as operational disruptions, workforce changes, and transitional challenges. In particular, FGVRI is in a weak financial position. However, FGV has outlined a five-year turnaround plan and placed FGVRI under FGV Plantations to provide stronger oversight and support. These measures are positive, although their success will depend on effective implementation and a recovery in market conditions. Overall, while the transformation involves some risk, this is typical for exercises of this nature. The Group's plans and continuous monitoring should help manage these risks effectively.

Risk factors	QuantePhi's commentaries
Notwithstanding these risks, our Group will continue to closely monitor the progress of transformation efforts and implement appropriate risk mitigation strategies to support their execution and the achievement of long-term value. Our Group will also maintain proactive engagement with stakeholders and manage change transitions in accordance with applicable laws and sound industrial best practices."	

Apart from the risk factors associated with the Proposed Acquisitions as highlighted above, the non-interested shareholders should also carefully consider the following risk factors:-

(i) Reputational Risk

The Group may be exposed to reputational risks arising from the Proposed Acquisitions, particularly given the past financial performance, compliance history, and public perception of the Target Companies. Any negative publicity, stakeholder concerns, or operational setbacks whether directly related to FGV or inherited from the acquired entities may impact the Group's branding, stakeholder confidence, and investor perception.

Furthermore, as the Group undertakes transformation and restructuring initiatives post-acquisition, there may be heightened scrutiny from the public, regulators, and other stakeholders. This may lead to reputational pressures, especially if workforce or operational changes are viewed unfavourably.

Nevertheless, the Group will continue to engage proactively with its stakeholders and manage communication efforts to safeguard its corporate reputation. These risks will be managed as part of the Group's ongoing governance and compliance framework.

(ii) Legal and Regulatory Risk

Following the completion of the Proposed Acquisitions, the FGV Group will assume full responsibility for ensuring that the Target Companies comply with all applicable legal, regulatory, and licensing requirements.

Any historical non-compliance issues, legal disputes, or undisclosed liabilities within the Target Companies may have financial or reputational consequences on the Group. Furthermore, ongoing compliance with industry regulations, including environmental, labour, and safety standards, will be critical to ensure continued operations and market access. The Group will need to conduct periodic compliance reviews and maintain strong governance frameworks across the acquired entities.

We note that the risks associated with the Proposed Acquisitions are the typical risks associated with transactions of this nature and the risk factors identified are considered reasonable.

The non-interested shareholders of FGV Group are advised to give due and careful regard to the risk factors as set out in Section 6, Part A of the Circular and are reminded that although measures may be taken by the management to limit all highlighted risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and financial performance of FGV Group.

5.6 Effects of the Proposed Acquisitions

Our comments on the effects of the Proposed Acquisitions as disclosed Section 7, Part A of this Circular as follows:-

Effects of the Proposed Acquisitions on:	QuantePhi's comments
Share Capital and Substantial Shareholders' Shareholding	The Proposed Acquisitions will have no effect on the issued share capital and substantial shareholders' shareholding of FGV as there is no issuance of new ordinary shares
Net assets ("NA") per ordinary share in FGV ("FGV Shares") and gearing	**NA per Share** We note that upon completion of the Proposed Acquisitions, the NA will slightly decrease from RM6,104.3 million to RM6,078.4 million after taking into consideration the adjustment on the NCI of the target Companies of RM204.7 million, deduction of Purchase Consideration of RM229.8 million and estimated expenses relating to the Proposed Acquisitions of approximately RM0.75 million. Consequently, the NA per Share will remain unchanged at RM1.67 per Share. **Gearing** The Proposed Acquisitions is expected to increase the gearing level of the Group from 0.61 times to 0.64 times, mainly because of the increase in borrowings by approximately RM140.0 million, which is undertaken to part finance the Purchase Consideration.
Earnings and earnings per FGV Shares ("EPS")	We note that while the Proposed Acquisitions are expected to be earnings accretive, PATAMI is expected to only increase by approximately RM3.5 million following the Proposed Acquisitions. As such, the impact is not substantial and is not expected to result in a material change to the Group's earnings. Consequently, as there is no new issuance of Shares from the Proposed Acquisitions, the EPS is expected to slightly increase from 7.6 sen to 7.7 sen for the financial year ending 31 December 2025.

Premised on the above, we are of the view that the effects of the Proposed Acquisitions are reasonable and not detrimental to the non-interested shareholders of FGV Group.

6. FURTHER INFORMATION

Non-interested Shareholders and non-interested Directors are advised to refer to Part A of the Circular and the appendices thereof for further information.

7. QUANTEPHI'S OPINION

We have assessed and evaluated the Proposed Acquisitions, and our evaluation is set out in Section 5 of this IAL. Non-interested shareholders and non-interested directors of FGV Group are advised to consider the merits and demerits of the Proposed Acquisitions based on all relevant and pertinent factors including those set out in this IAL and Part A of the Circular as well as other publicly available information prior to deciding to vote on the resolution pertaining to the Proposed Acquisitions.

In our evaluation of the Proposed Acquisitions and in arriving at our opinion, we have taken into consideration various factors which are summarized as follows: -

Section in the IAL	Area of Evaluation	Comments
Section 5.1	Rationale of the Proposed Acquisitions	The Proposed Acquisitions will enable FGV Group to consolidate full ownership over key operational and support subsidiaries. This consolidation is expected to streamline operations, enhance group-wide governance, and enable faster and more integrated decision-making. The alignment of palm-oil manufacturing (under FGVPI) and ancillary services (under FHB) with FGV's long-term strategy is expected to deliver operational efficiencies and synergies. **Premised on the above, we are of the opinion that the rationale for the Proposed Acquisitions is reasonable.**
Section 5.2.1	Evaluation of Purchase Consideration for the Proposed Acquisitions	**Basis and justification for the Purchase Consideration** In evaluating the Purchase Consideration of RM229.8 million, we have adopted RNAV method as the primary approach and Trading Comparable Analysis as the secondary approach. The RNAV method is appropriate given that the Target Companies are already operational, with no significant post-acquisitions capital commitments expected. The RNAV has been adjusted to reflect recent capital injections and dividend distributions, providing a clearer picture of the current net worth of the Target Companies.

Section in the IAL	Area of Evaluation	Comments
		The Trading Comparable Analysis provides an additional valuation perspective by benchmarking the implied PER multiples against listed peers in the relevant segments. In both cases, the Purchase Consideration is supported by reasonable valuation ranges. We have reviewed the methodology, assumptions, and data used in deriving the RNAV and Trading Comparables and are satisfied that they are consistent with generally accepted valuation practices for transactions of this nature. **Premised on the above, we are of the opinion that the Purchase Consideration of RM229.8 million for the Proposed Acquisitions is fair.**
Section 5.3	Salient terms of the SSAs for the Proposed Acquisitions	The salient terms of SSA1 and SSA2, including purchase conditions and payment terms are consistent with market standards for similar corporate transactions. The terms adequately protect FGV's interests and ensure that full legal and beneficial ownership will be acquired. **Premised on the above, we are of the opinion that the salient terms of SSA1 and SSA2 for the Proposed Acquisitions are reasonable and not detrimental to the non-interested shareholders of FGV.**
Section 5.4	Industry Outlook and Future Prospects after the Proposed Acquisitions	Based on the general positive outlook of the Malaysian economy, the overview and outlook of the palm oil industry; and the prospect of the Target Companies, **we are of the opinion that the industry outlook and prospects of FGV after the Proposed Acquisitions are reasonable.**
Section 5.5	Risk factors associated with the Proposed Acquisitions	We note that the risks associated with the Proposed Acquisitions are the typical risks associated with transactions of this nature. The non-interested shareholders of FGV are advised to give due and careful regards to the risk factors as set out in Section 6, Part A of the Circular and are reminded that although measures may be taken by the management to limit all highlighted risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and financial performance of FGV.

Section in the IAL	Area of Evaluation	Comments
Section 5.6	Effects of the Proposed Acquisitions	We note that: - (i) The Proposed Acquisitions will not have any effect on FGV's issued share capital and substantial shareholders' shareholding as it does not involve any issuance of new Shares; (ii) The Group's NA per share will remain at RM1.67 per Share, (iii) The Group's Gearing will increase to 0.64 times; and (iv) The Group's EPS will increase to 7.7 sen. **Premised on the above, we are of the view that the effects of the Proposed Acquisitions are reasonable and not detrimental to the non-interested shareholders of FGV.**

Premised on the foregoing and our overall evaluation and assessment of the Proposed Acquisitions based on the information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisitions are fair and reasonable and is not detrimental to the interest of the non-interested shareholders and non-interested directors of FGV Group.

Accordingly, we **recommend that the non-interested shareholders and non-interested directors of FGV Group to vote in favour** of the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

Yours faithfully,
For and behalf of
QUANTEPHI SDN BHD

RIFQY NASIS
Executive Director

SALIENT TERMS OF THE SSAs

The salient terms of the SSA 1 entered between FGVPI and KPF are as follows:

1. SALE SHARES

(a) Sale and Purchase

Subject to the terms and conditions of the SSA 1:

(i) KPF shall sell and transfer to FGVPI, the SSA 1 Sale Shares free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date (as defined below); and

(ii) FGVPI shall purchase and accept the transfer of the SSA 1 Sale Shares from KPF free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date.

(b) Purchase all SSA 1 Sale Shares

FGVPI shall not be obliged to complete the purchase of any of the SSA 1 Sale Shares unless the purchase of all the SSA 1 Sale Shares is completed simultaneously. For the avoidance of doubt, it is the intention of FGVPI and KPF that the SSA 1 Sale Shares shall comprise of all the ordinary shares held by KPF respectively in the SSA 1 Target Companies as at the completion date, (i) fourteen (14) days from the date on which the Conditions Precedent is fulfilled, or as the case may be, waived by FGVPI or (ii) any other date agreed in writing between KPF and FGVPI so as to enable FGVPI to own one hundred percent (100%) of the total issued and paid-up ordinary shares in the SSA 1 Target Companies, notwithstanding the number of shares held by KPF in the SSA 1 Target Companies as at the date of the SSA 1.

KPF shall not be obliged to complete the sale of any of the SSA 1 Sale Shares and FGVPI shall not be obliged to complete the purchase of any of the SSA 1 Sale Shares, unless: (i) the sale and purchase of all of the SSA 1 Sale Shares (and not some only); and (ii) the sale and purchase of all of the SSA 1 Sale Shares the subject of the SSA 2, are completed simultaneously.

2. CONDITIONS PRECEDENT

The sale and purchase of the SSA 1 Sale Shares and completion thereof are conditional upon the conditions precedent being fulfilled, obtained or waived in writing by FGVPI within the period of three (3) calendar months from the date of the SSA 1 or such other extended time period as FGVPI and KPF may mutually agree in writing as the extended period within which the Conditions Precedent must be fulfilled or such other period as may be mutually agreed upon by FGVPI and KPF in writing:

(a) Approval of members, directors and shareholders

The approvals of:

(i) the directors and members of KPF in respect of the SSA 1 Sale Shares (if required);

(ii) the board of directors and the shareholder of FGVPI in respect of the purchase of the SSA 1 Sale Shares; and

(iii) the shareholders of FGV in respect of the purchase of the SSA 1 Sale Shares.

(b) Other Approvals

(i) If required, the approval or consent of relevant Public Authorities and third parties which FGVPI may be required to obtain for the purchase of the SSA 1 Sale Shares; and

(ii) If required, the approval or consent of the relevant Public Authorities and third parties which the SSA 1 Target Companies may be required to obtain for its change in shareholders.

(c) Execution of the SSA 2

The SSA 2 has been duly executed by all the parties thereto and contain a provision that stipulate the completion of the SSA 2 that is inter-conditional with the completion of the SSA 1.

3. CONSIDERATION

(a) Purchase Consideration

The consideration for the sale, purchase and transfer of the SSA 1 Sale Shares shall be the amount of Ringgit Malaysia Fifty-Four Million Six Hundred Ninety-Six Thousand Seven Hundred Nineteen (RM54,696,719) as more particularly set out in the table below:

No	Target Companies	Number of Sale Shares	Purchase Consideration (RM)
1.	FGVKP	4,000,000	12,937,998
2.	FGVR	38,333,333	17,894,835
3.	FGVMS	8,330,000	23,863,886
		Total	**54,696,719**

(b) Satisfaction of the Purchase Consideration

FGVPI shall pay or cause to be paid the SSA 1 Purchase Consideration to KPF in the following manner:

(i) deposit which is equivalent to ten percent (10%) of the SSA 1 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon signing of the SSA 1;

(ii) part of the SSA 1 Purchase Consideration which is equivalent to ten percent (10%) of the SSA 1 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon obtaining the approval of the shareholders of FGV; and

(iii) the balance SSA 1 Purchase Consideration which is equivalent to eighty percent (80%) of the SSA 1 Purchase Consideration shall be paid to KPF at completion of sale and purchase of the SSA 1 Sale Shares in accordance with SSA 1.

All amounts paid to the stakeholder shall be deposited in an income generating account with a financial institution that is part of a banking group listed on Bursa Securities.

(c) Pre-Completion Obligations

Commencing from the date of the SSA 1 and pending Completion subject to Clause 6 of the SSA 1, FGVPI and KPF shall as soon as practicable undertake and procure the following:

(i) FGVPI and KPF shall declare and distribute dividend of FGVKP in proportion to their respective shareholding as set out in the Schedule 3 of the SSA 1; and

(ii) FGVPI and KPF shall undertake a capital injection to FGVR in proportion to their respective shareholding as set out in the Schedule 3 of the SSA 1.

Pursuant to Schedule 3 of the SSA 1, the shareholdings of KPF and FGVPI in FGVR upon completion of the capital injection will be as follows:

	KPF	**FGVPI**	**Total**
No. of ordinary shares held in FGVR as at the LPD	25,000,000	50,000,000	75,000,000
No. of additional ordinary shares in FGVR to be issued pursuant to the capital injection	13,333,333	26,666,667	40,000,000
Enlarged total no. of ordinary shares in FGVR after the capital injection	38,333,333	76,666,667	115,000,000

4. CONDITION SUBSEQUENT

(a) FGVPI shall, no later than twelve (12) months from the Completion, submit the draft proposal on the post-transaction business model to the shareholders of FGVPI for review and deliberation.

5. TERMINATION

(a) Mutual termination

Pursuant to Clause 10.3 of the SSA 1, both FGVPI and KPF may by mutual agreement terminate SSA 1 before the Completion and upon such termination SSA 1 shall cease to have any legal effect save for (i) any right of FGVPI and KPF that are expressly reserved and (ii) for any right pursuant to any antecedent breach of the SSA 1.

(b) Termination by KPF

Pursuant to Clause 10.2 of the SSA 1, KPF is entitled to immediately terminate SSA 1 in the event of the occurrence of any of the following on or before the Completion Date:

(i) SSA 2 is terminated;

(ii) FGVPI commits a material breach of the SSA 1, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by FGVPI and KPF from written notice given by KPF specifying the breach;

(iii) FGVPI goes into voluntary or compulsory liquidation, except for the purpose of amalgamation or reconstruction, or a winding up petition is presented against FGVPI which is not discharged within thirty (30) days;

(iv) FGVPI is unable to satisfy the SSA 1 Purchase Consideration; or

(v) there is a breach of any representations, warranties or statements made by FGVPI in SSA 1.

Upon termination, KPF has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.

(c) Termination by FGVPI

Pursuant to Clause 10.3 of the SSA 1, FGVPI is entitled to immediately terminate SSA 1 in the event of the occurrence of any of the following on or before the Completion Date:

(i) KPF commits a material breach of the SSA 1, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by the FGVPI and KPF from written notice given by FGVPI specifying the breach;

(ii) KPF goes into liquidation, except for the purpose of amalgamation or reconstruction, or a winding up is commenced against KPF pursuant to the Co-operative Societies Act 1993 which is not discontinued within thirty (30) days;

(iii) KPF fails to deliver to FGVPI the transfer documents or such other documents necessary to transfer and register the SSA 1 Sale Shares and is unable to remedy the default within fourteen (14) business days from written notice given by FGVPI; or

(iv) there is a breach of any representations, warranties or statements made by KPF in SSA 1.

Upon termination, FGVPI has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.

(d) Consequences of termination

In the event of a notice of termination ("**Notice of Termination**") being duly given under the provisions of Clause 10.1 of the SSA 1 as set out above.:

(i) FGVPI and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 1; and

(ii) KPF shall refund the deposit and any other sum paid towards the SSA 1 Purchase Consideration together with all income earned thereon, if any, pursuant to SSA 1, to FGVPI.

In the event of a Notice of Termination being duly given under the provisions of Clause 10.2 of the SSA 1 as set out above:

(i) FGVPI and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 1; and

(ii) provided that KPF has complied with all its obligations under SSA 1, the deposit together with all income earned thereon, if any, shall be deemed forfeited in favour of KPF as agreed liquidated damages.

In the event of a Notice of Termination being duly given under the provisions of Clause 10.3 of the SSA 1 as set out above:

(i) FGVPI and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 1; and

(ii) KPF shall refund the deposit together with all income earned thereon, if any, to FGVPI.

Upon termination, FGVPI has the right to claim damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.

The salient terms of the SSA 2 entered between FHB and KPF are as follows:

1. SALE SHARES

(a) Sale and Purchase

Subject to the terms and conditions of the SSA 2:

(i) KPF shall sell and transfer to the FHB, the SSA 2 Sale Shares free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date (as defined below); and

(ii) FHB shall purchase and accept the transfer of the SSA 2 Sale Shares from KPF free from all encumbrances (any mortgage, charge (whether legal, equitable, fixed or floating), pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement or obligation conferring a right to a priority of payment) and together with all rights and benefits attaching thereto as at the Completion Date.

(b) Purchase all SSA 2 Sale Shares

FHB shall not be obliged to complete the purchase of any of the SSA 2 Sale Shares unless the purchase of all the SSA 2 Sale Shares is completed simultaneously. For the avoidance of doubt, it is the intention of FHB and KPF that the SSA 2 Sale Shares shall comprise of all the ordinary shares held by KPF respectively in the SSA 2 Target Companies as at the completion date, (i) fourteen (14) days from the date on which the Conditions Precedent is fulfilled, or as the case may be, waived by FHB or (ii) any other date agreed in writing between KPF and FHB so as to enable FHB to own one hundred percent (100%) of the total issued and paid-up ordinary shares in the SSA 2 Target Companies, notwithstanding the number of shares held by KPF in the SSA 2 Target Companies as at the date of the SSA 2.

KPF shall not be obliged to complete the sale of any of the SSA 2 Sale Shares and FHB shall not be obliged to complete the purchase of any of the SSA 2 Sale Shares, unless: (i) the sale and purchase of all of the SSA 2 Sale Shares (and not some only); and (ii) the sale and purchase of all of the SSA 2 Sale Shares the subject of the SSA 1, are completed simultaneously.

2. CONDITIONS PRECEDENT

The sale and purchase of the SSA 2 Sale Shares and completion thereof are conditional upon the conditions precedent being fulfilled, obtained or waived in writing by FHB within the period of three (3) calendar months from the date of the SSA 2 or such other extended time period as FHB and KPF may mutually agree in writing as the extended period within which the Conditions Precedent must be fulfilled or such other period as may be mutually agreed upon by FHB and KPF in writing:

(a) Approval of members, directors and shareholders

The approvals of:

(i) the directors and members of KPF in respect of the SSA 2 Sale Shares (if required);

(ii) the board of directors and the shareholder of FHB in respect of the purchase of the SSA 2 Sale Shares; and

(iii) the shareholders of FGV in respect of the purchase of the SSA 2 Sale Shares.

(b) Other Approvals

(i) If required, the approval or consent of relevant Public Authorities and third parties which FHB may be required to obtain for the purchase of the SSA 2 Sale Shares; and

(ii) If required, the approval or consent of the relevant Public Authorities and third parties which the SSA 2 Target Companies may be required to obtain for its change in shareholders.

(c) Execution of the SSA 1

The SSA 1 has been duly executed by all the parties thereto and contain a provision that stipulate the completion of the SSA 1 that is inter-conditional with the completion of the SSA 2.

3. CONSIDERATION

(a) Purchase Consideration

The consideration for the sale, purchase and transfer of the SSA 2 Sale Shares shall be the amount of Ringgit Malaysia One Hundred Seventy-Five Million Fifty-Four Thousand Six Hundred Thirty-three (RM175,054,633) only as more particularly set out in the table below:

No	Target Companies	Number of Sale Shares	Purchase Consideration (RM)
1.	FGVAS	15,000,000	62,439,688
2.	FGVTS	14,700,000	77,904,156
3.	FGVSS	1,411,200	17,234,444
4.	FGVPS	2,500,000	17,476,344
5.	FGVRI	59,539,917	1
		Total	**175,054,633**

(b) Satisfaction of the Purchase Consideration

FHB shall pay or cause to be paid the SSA 2 Purchase Consideration to KPF in the following manner:

(i) deposit which is equivalent to ten (10%) of the SSA 2 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon signing of the SSA 2;

(ii) part of the SSA 2 Purchase Consideration which is equivalent to ten percent (10%) of the SSA 2 Purchase Consideration shall be paid to the stakeholder within seven (7) days upon obtaining the approval of the shareholders of FGV; and

(iii) the balance SSA 2 Purchase Consideration which is equivalent to eighty percent (80%) of the SSA 2 Purchase Consideration shall be paid to the KPF at completion of sale and purchase of the SSA 2 Sale Shares in accordance with SSA 2.

All amounts paid to the stakeholder shall be deposited in an income generating account with a financial institution that is part of a banking group listed on Bursa Securities.

(c) Pre-Completion Obligations

Commencing from the date of the SSA 2 and pending Completion subject to Clause 6 of the SSA 2, FHB and KPF shall as soon as practicable undertake and procure the following:

(i) FHB and KPF shall declare and distribute dividend of FGVAS in proportion to their respective shareholding as set out in the Schedule 2 of the SSA 2;

(ii) FHB and KPF shall declare and distribute dividend of FGVTS in proportion to their respective shareholding as set out in the Schedule 2 of the SSA 2; and

(iii) FHB and KPF shall undertake a capital injection to FGVRI in proportion to their respective shareholding as set out in the Schedule 2 of the SSA 2.

Pursuant to Schedule 2 of the SSA 2, the shareholdings of KPF and FHB in FGVRI upon completion of the capital injection will be as follows:

	KPF	**FHB**	**Total**
No. of ordinary shares held in FGVRI as at the LPD	12,000,000	30,000,000	42,000,000
No. of additional ordinary shares in FGVRI to be issued pursuant to the capital injection	47,539,917	118,849,791	166,389,708
Enlarged total no. of ordinary shares in FGVRI after the capital injection	59,539,917	148,849,791	208,389,708

4. TERMINATION

(a) Mutual termination

Pursuant to Clause 9.1 of the SSA 2, both FHB and KPF may by mutual agreement terminate SSA 2 before the Completion of and upon such termination SSA 2 shall cease to have any legal effect save for (i) any right of FHB and KPF that are expressly reserved and (ii) for any right pursuant to any antecedent breach of the SSA 2.

(b) Termination by KPF

Pursuant to Clause 9.2 of the SSA 2, KPF is entitled to immediately terminate SSA 2 in the event of the occurrence of any of the following on or before the Completion Date:

(i) SSA 1 is terminated;

(ii) FHB commits a material breach of the SSA 2, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by FHB and KPF from written notice given by KPF specifying the breach;

(iii) FHB goes into voluntary or compulsory liquidation, except for the purpose of amalgamation or reconstruction, or a winding up petition is presented against FHB which is not discharged within thirty (30) days;

(iv) FHB is unable to satisfy the SSA 2 Purchase Consideration; or

(v) there is a breach of any representations, warranties or statements made by FHB in SSA 2; or

Upon termination, KPF has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.

(c) Termination by FHB

Pursuant to Clause 9.3 of the SSA 2, FHB is entitled to immediately terminate SSA 2 in the event of the occurrence of any of the following on or before the Completion Date:

(i) KPF commits a material breach of the SSA 2, which breach is capable of being remedied, is not cured within fourteen (14) business days or any such other longer period as to be agreed by the Parties from written notice given by FHB specifying the breach;

(ii) KPF goes into liquidation, except for the purpose of amalgamation or reconstruction, or a winding up is commenced against KPF pursuant to the Co-operative Societies Act 1993 which is not discontinued within thirty (30) days;

(iii) KPF fails to deliver to FHB the transfer documents or such other documents necessary to transfer and register the SSA 2 Sale Shares and is unable to remedy the default within fourteen (14) business days from written notice given by FHB; or

(iv) there is a breach of any representations, warranties or statements made by KPF in SSA 2.

Upon termination, FHB has the right to claim for all losses, liabilities, costs, expenses and damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.

(d) Consequences of termination

In the event of a Notice of Termination being duly given under the provisions of Clause 9.1 of the SSA 2 as set out above:

(i) FHB and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 2; and

(ii) KPF shall refund the deposit, and any other sum paid towards the SSA 2 Purchase Consideration together with all income earned thereon, if any, pursuant to SSA 2, to FHB.

In the event of a Notice of Termination being duly given under the provisions of Clause 9.2 of the SSA 2 as set out above:

(i) FHB and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 2; and

(ii) provided that KPF has complied with all its obligations under SSA 2, the deposit together with all income earned thereon, if any, shall be deemed forfeited in favour of KPF as agreed liquidated damages.

In the event of a Notice of Termination being duly given under the provisions of Clause 9.3 of the SSA 2 as set out above:

(i) FHB and KPF shall within seven (7) business days from the Notice of Termination, return to the other party all original documents, if any, delivered by the other party pursuant to SSA 2; and

(ii) KPF shall refund the deposit together with all income earned thereon, if any, to FHB.

Upon termination, FHB has the right to claim damages which has been suffered or incurred as a result of such breach and any rights and remedies as may be available at law or in equity.

INFORMATION ON FGVKP

1. History and business

FGVKP was incorporated and commenced its operation on 3 August 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activities of FGVKP are buying and processing oil palm kernels, refined palm oil products and selling its products, manufacture and trading food and non-food products, and specialised in retail sale and e-commerce, personal care, household products, toiletries and others.

FGVKP is principally involved in the manufacture of crude palm kernel oil, palm kernel expeller, refined bleached deodorised palm kernel oil product and palm kernel fatty acid distillate.

As at LPD, FGVKP operates four (4) manufacturing facilities for crude palm kernel oil and palm kernel expeller as follows:

(i) Kilang Isi Sawit Semambu

Location	:	Lot 149, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang.
Size	:	2.67 HA

(ii) Kilang Isi Sawit Pasir Gudang

Location	:	PLO 90, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor.
Size	:	2.37 HA

(iii) Kilang Isi Sawit Pandamaran

Location	:	Lot PT 596, Jalan Raja Lumu, Kawasan Perindustrian, Pandamaran, 42000 Port Klang, Selangor.
Size	:	1.01 HA

(iv) Kilang Isi Sawit Sahabat

Location	:	Peti Surat 6, Cenderawasih, 91150 Lahad Datu, Sabah.
Size	:	2.83 HA

The annual production capacity and output for palm kernel are as follows:

	Unit	FYE 31 December		
		2022	**2023**	**2024**
Annual capacity	MT	939,600	939,600	939,600
Annual output	MT	524,377	515,456	530,303

Malaysia serves as the main market for FGVKP's products. For the FYE 31 December 2024, 88.4% of FGVKP's total revenue is derived from Malaysia while the remaining 11.6% is derived from international markets.

2. Share capital

As at the LPD, FGVKP has issued share capital of RM41,814,534 comprising 24,000,000 ordinary shares ("**FGVKP Shares**"). FGVKP is a 83.3%-owned subsidiary of FGVPI, which in turn is a 72.0%-owned subsidiary of FHB. FHB is a wholly-owned subsidiary of FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVKP and their respective shareholdings in FGVKP are set out as below:

		Direct		Indirect	
Name	**Place of Incorporation**	**No. of FGVKP Shares**	**%**	**No. of FGVKP Shares**	**%**
FGVPI	Malaysia	20,000,000	83.3	-	-
KPF	Malaysia	4,000,000	16.7	-	-
FHB	Malaysia	-	-	20,000,000[(1)]	83.3

Note:

(1) Deemed interested by virtue of its shareholding held through FGVPI pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVKP and their respective shareholdings in FGVKP are as follows:

			Direct		Indirect	
Name	**Nationality**	**Designation**	**No. of FGVKP Shares**	**%**	**No. of FGVKP Shares**	**%**
Samsudin bin Othman	Malaysian	Director	-	-	-	-
Mohd Djunadi bin Samsuddin	Malaysian	Director	-	-	-	-
Abdul Malik bin Sekak	Malaysian	Director	-	-	-	-
Hasrin bin Ismail	Malaysian	Director	-	-	-	-
Zulkifli bin Othman	Malaysian	Director	-	-	-	-

5. Subsidiaries and associated companies

FGVKP does not have any subsidiaries and associated companies as at the LPD.

6. Assets owned

Based on FGVKP's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM386,272,008, which comprise the following:

Types of assets	RM
Non-current assets	
Property, plant and equipment	34,989,741
Right-of-use assets	6,678,926
Investment properties	343,082
Tax recoverable	-
Total	**42,011,749**
Current assets	
Inventories	131,598,238
Receivables	4,983,792
Amounts due from other related companies	31,419,481
Loan due from other related company	118,000,000
Tax recoverable	110,518
Derivative financial assets	-
Deposits, cash and bank balances	58,148,230
Total	**344,260,259**
Total assets	**386,272,008**

7. Financial information of FGVKP

The summary financial information of FGVKP based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	1,816,910	1,102,626	1,518,044
Profit before taxation	14,822	11,942	19,747
PAT / (LAT)	11,100	(8,534)	15,321
Earnings/loss per FGVKP Share[(1)] (RM)	0.46	(0.36)	0.64
No. of FGVKP Shares in issue ('000)	24,000	24,000	24,000
Share capital	41,815	41,815	41,815
Total equity / NA[(2)] (RM)	159,248	145,911	157,628
NA per FGVKP Share	6.64	6.08	6.57
Total borrowings	-	125,700	60,450
Current ratio (times)[(3)]	1.99	1.44	1.56
Gearing (times)[(4)]	-	0.86	0.38

Notes:

(1) Computed based on PAT / (LAT) divided by the number of FGVKP Shares in issue.

(2) Computed based on NA divided by the number of FGVKP Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Computed based on total borrowings divided by total equity.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVKP which are peculiar to FGVKP because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVKP.

Commentary on past financial performance:

<u>FYE 31 December 2023 vs FYE 31 December 2022</u>

FGVKP's revenue decreased by RM0.7 billion or approximately 39.3% to RM1.1 billion in FYE 31 December 2023 (FYE 31 December 2022: RM1.8 billion). The decrease in revenue was mainly due to lower average selling price of CPKO and PKE coupled with lower sales volume of both CPKO and PKE.

FGVKP recorded a LAT of RM8.5 million in FYE 31 December 2023 (FYE 31 December 2022: PAT of RM11.1 million). The LAT was mainly due to the drastic decrease of CPKO price which resulted in net realisable losses as well as onerous contract of CPKO sales.

<u>FYE 31 December 2024 vs FYE 31 December 2023</u>

FGVKP's revenue increased by RM0.4 billion or approximately 37.7% to RM1.5 billion in FYE 31 December 2024 (FYE 31 December 2023: RM1.1 billion) due to higher average selling price of CPKO. In addition, the higher revenue was also due to additional revenue generated from the sale of refined, bleached, and deodorised palm kernel oil (RBDPKO).

FGVKP recorded a PAT of RM15.3 million in FYE 31 December 2024 (FYE 31 December 2023: LAT of RM8.53 million) as FGVKP has achieved a better palm kernel ("**PK**") to CPKO price ratio (PK purchase price over selling price of CPKO) which has contributed to an improved gross margin as compared to prior year. In addition, the PAT recorded in FYE 31 December 2024 was also attributable to the increase in other income from Roundtable on Sustainable Palm Oil (RSPO) palm trace trade and finance income.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVKP which may have a material impact on the profits or NA of FGVKP.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVKP.

10. Material litigation, claims and arbitration

FGVKP has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVKP has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVR

1. History and business

FGVR was incorporated in Malaysia under the Companies Act 1965 on 3 August 1995 as a private limited company under the name of Felda Vegetable Oil Products Sdn Bhd and is deemed registered under the Act. It assumed its present name on 28 December 2018.

The principal activities of FGVR are processing and sale of refined palm oil products.

As at LPD, FGVR operates three (3) manufacturing facilities for palm oil derivative products and edible oils and fats as follows:

(i) Kuantan Oil Products

Location : Lot 1863, Tanjung Gelang, Pelabuhan Kuantan, Mukim Sungai Karang, 26080 Kuantan, Pahang Darul Makmur
Size : 4.25 HA

(ii) Sahabat Oil Products

Location : Peti Surat 150, Pos Cenderawasih, 91150 Lahad Datu, Sabah
Size : 3.87 HA

(iii) Tawau Oil Products

Location : Batu 2 Jalan Tanjung Batu, 91000 Tawau, Sabah
Size : 1.42 HA

The annual production capacity and tolling volume for the refining of palm oil derivative products are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	1,545,600	1,545,600	1,545,600
Tolling volume	MT	783,124	784,012	954,542

The annual production capacity and tolling volume for the fractionation of edible oils and fats are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	1,276,800	1,276,800	1,276,800
Tolling volume	MT	428,348	398,945	514,912

2. Share capital

As at the LPD, FGVR has an issued share capital of RM97,034,000 comprising 75,000,000 ordinary shares ("**FGVR Shares**"). FGVR is a 66.7%-owned subsidiary of FGVPI, which in turn is a 72.0%-owned subsidiary of FHB. FHB is a wholly-owned subsidiary of FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVR and their respective shareholdings in FGVR are as follows:

		Direct		Indirect	
Name	**Place of Incorporation**	**No. of FGVR Shares**	**%**	**No. of FGVR Shares**	**%**
FGVPI	Malaysia	50,000,000	66.7	-	-
KPF	Malaysia	25,000,000	33.3	-	-
FHB	Malaysia	-	-	50,000,000[(1)]	66.7

Note:

(1) Deemed interested by virtue of its shareholding held through FGVPI pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVR and their respective shareholdings in FGVR are as follows:

			Direct		Indirect	
Name	**Nationality**	**Designation**	**No. of FGVR shares**	**%**	**No. of FGVR shares**	**%**
Zulkifli bin Othman	Malaysian	Director	-	-	-	-
Raymond Lee Wai Chun	Malaysian	Director	-	-	-	-
Sulong Jamil bin Mohamed Shariff	Malaysian	Director	-	-	-	-
Mohamad Azam bin Si Rajab	Malaysian	Director	-	-	-	-
Siti Zaroha binti Nasharuddin	Malaysian	Director	-	-	-	-

5. Subsidiaries and associate companies

FGVR does not have any subsidiaries and associated companies as at the LPD.

6. Assets owned

Based on FGVR's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM149,820,000, which comprise the following:

Types of assets	**RM'000**
Non-current assets	
Property, plant and equipment	120,101
Right-of-use assets	4,725
Investment property	320
Deferred tax assets	5,014
Total	**130,160**

Types of assets	RM'000
Current assets	
Inventories	2,126
Receivables	898
Amounts due from other related companies	9,136
Loan due from other related company	-
Tax recoverable	89
Deposits, cash and bank balances	7,411
Total	**19,660**
Total assets	**149,820**

7. Financial information of FGVR

The summary financial information of FGVR based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	2023	2024
	RM'000	RM'000	RM'000
Revenue	97,493	112,373	133,372
Profit before taxation	9,762	3,772	12,232
PAT	9,500	3,425	17,011
Earnings per FGVR Share(1)	0.13	0.05	0.23
No. of FGVR Shares in issue ('000)	75,000	75,000	75,000
Share capital	97,034	97,034	97,034
Total equity / NA(2)	(6,723)	(3,309)	13,686
NA per FGVR Share	(0.09)	(0.04)	0.18
Total borrowings	136,700	124,700	112,700
Current ratio (times)(3)	0.36	0.18	0.15
Gearing (times)(4)	-(5)	-(5)	8.23

Notes:

(1) Computed based on PAT divided by the number of FGVR Shares in issue.

(2) Computed based on NA divided by the number of FGVR Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Computed based on total borrowings divided by total equity.

(5) Not meaningful due to negative NA.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVR which are peculiar to FGVR because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVR.

Commentaries on financial performance:

FYE 31 December 2023 vs FYE 31 December 2022

FGVR's revenue increased by RM14.9 million or approximately 15.3% to RM112.4 million in FYE 31 December 2023 (FYE 31 December 2022: RM97.5 million) due to the revised fees charged to customers in line with the increased in sub materials and utilities price.

Notwithstanding the increase in revenue, FGVR's PAT decreased by RM6.1 million or approximately 64.0% to RM3.4 million in FYE 31 December 2023 (FYE 31 December 2022: RM9.5 million) mainly due to the absence of reversal of impairment for an asset held for sale amounting to RM6.14 million as well as higher administrative expenses.

FYE 31 December 2024 vs FYE 31 December 2023

FGVR's revenue increased by RM21.0 million or approximately 18.7% to RM133.4 million in FYE 31 December 2024 (FYE 31 December 2023: RM112.4 million) mainly due to the higher tolling volume of CPO and blended CPKO/crude coconut oil (CCNO).

FGVR's PAT increase by RM13.6 million or approximately 396.7% to RM17.0 million in FYE 31 December 2024 (FYE 31 December 2023: RM3.44 million) mainly due to the increase in tolling profit which is in line with the higher tolling revenue. In addition, the increase in PAT was also attributable to the recognition of deferred tax asset during the year amounting to RM5.0 million as well as higher other income from the sales of spent bleaching earth and scraps iron.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVR which may have a material impact on the profits or NA of FGVR.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVR.

10. Material litigation, claims and arbitration

FGVR has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVR has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVMS

1. History and business

FGVMS was incorporated on 3 August 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activity of FGVMS is provision of marketing services for the FGV Group's commodity products and collection of revenues on their behalf and physical trading of crude palm oil and crude kernel oil.

2. Share capital

As at the LPD, FGVMS has issued share capital of RM42,480,000 comprising 17,000,000 ordinary shares ("**FGVMS Shares**"). FGVMS is a 51.0%-owned subsidiary of FGVPI, which in turn is a 72.0%-owned subsidiary of FHB. FHB is a wholly-owned subsidiary of FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVMS and their respective shareholdings in FGVMS are as follows:

		Direct		Indirect	
Name	Place of Incorporation	No. of FGVMS Shares	%	No. of FGVMS Shares	%
FGVPI	Malaysia	8,670,000	51.0	-	-
KPF	Malaysia	8,330,000	49.0	-	-
FHB	Malaysia	-	-	8,670,000[(1)]	51.0

Note:

(1) Deemed interested by virtue of its shareholding held through FGVPI pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVMS and their respective shareholdings in FGVMS are as follows:

			Direct		Indirect	
Name	Nationality	Designation	No. of FGVMS Shares	%	No. of FGVMS Shares	%
Fakhrunniam bin Othman	Malaysian	Director	-	-	-	-
Aznur Kama binti Azmir	Malaysian	Director	-	-	-	-
Hasbullah bin Muhamad	Malaysian	Director	-	-	-	-
Siti Zaroha binti Nasharuddin	Malaysian	Director	-	-	-	-
Zulkifli bin Othman	Malaysian	Director	-	-	-	-

5. Subsidiaries and associated companies

As at the LPD, the subsidiary of FGVMS is as follows:

Company	Date of incorporation	Place of incorporation	Issued and paid-up share capital (IDR)	Effective equity interest (%)	Principal activities
PTCGV	18 July 2011	Indonesia	2,559,600[(1)]	95.0	Commodity trading

***Note*:**

(1) Information based on audited financial statement of PTCGV as at 31 December 2023.

PTCGV commenced its operations on 23 September 2014 and is involved in the wholesale of vegetable oil, including crude palm oil and palm kernel oil. The principal market of PTCGV's services is in Indonesia. PTCGV is currently a dormant company and does not generate any revenue, whether domestically or through exports.

FGVMS does not have any associated companies as at the LPD.

6. Assets owned

Based on FGVMS's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM49,859,000, which comprise the following:

Types of assets	RM'000
Non-current assets	
Property, plant and equipment	96
Investment properties	1,790
Investment in a subsidiary	-
Total	**1,886**
Current assets	
Receivables	41
Loan due from other related company	43,540
Amount due from penultimate holding company	2
Amount due from immediate company	260
Amount due from other related companies	1,993
Deposits, cash and bank balances	2,137
Total	**47,973**
Total assets	**49,859**

7. Financial information of FGVMS

The summary financial information of FGVMS based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	7,272	3,546	4,936
Profit before taxation	8,333	4,076	5,071
PAT	6,288	2,865	3,770
Earnings per FGVMS Share(1)(RM)	0.37	0.17	0.22
No. of FGVMS Shares in issue ('000)	17,000	17,000	17,000
Share capital	42,480	42,480	42,480
Total equity/ NA(2)	46,657	46,122	48,702
NA per FGVMS Share (RM)	2.74	2.71	2.86
Total borrowings	-	-	-
Current ratio (times)(3)	46.14	108.11	43.49
Gearing (times)(4)	-	-	-

***Notes*:**

(1) Computed based on PAT divided by the number of FGVMS Shares in issue.

(2) Computed based on NA divided by the number of FGVMS Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Not applicable as FGVMS has no borrowings.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVMS and its subsidiaries ("**FGVMS Group**") which are peculiar to the FGVMS Group because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of the FGVMS Group.

Commentaries on financial performance:

FYE 31 December 2023 vs FYE 31 December 2022

FGVMS's revenue decreased by RM3.8 million or approximately 51.2% to RM3.5 million in FYE 31 December 2023 (FYE 31 December 2022: RM7.3 million) mainly due to the discontinuation of marketing services previously provided to FGV Trading Sdn Bhd ("**FGVT**") following FGVT's decision in engaging its sales and business transactions with customers directly in 2023.

FGVMS's PAT decreased by RM3.4 million or approximately 54.4% to RM2.9 million in FYE 31 December 2023 (FYE 31 December 2022: RM6.3 million). The decrease in PAT was in tandem with the decline in revenue above and was also attributed to lower other income from the sale of certified oil as well as higher other operating expenses.

FYE 31 December 2024 vs FYE 31 December 2023

FGVMS's revenue increased by RM1.4 million or approximately 39.2% to RM4.9 million in FYE 31 December 2024 (FYE 31 December 2023: RM3.5 million) mainly due to the increase in total tonnage delivered as well as higher average CPKO prices.

FGVMS's PAT increased by RM0.9 million or approximately 31.6% to RM3.8 million in FYE 31 December 2024 (FYE 31 December 2023: RM2.9 million). The increase in PAT was mainly attributed to higher rental income as well as finance income in comparison to prior year.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVMS which may have a material impact on the profits or NA of FGVMS.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVMS.

10. Material litigations, claims and arbitration

FGVMS has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVMS has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVAS

1. History and business

FGVAS was incorporated on 3 August 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activities of FGVAS are carrying out R&D activities, providing advisory services and production and sales of agricultural product to FELDA and other related companies, producing a range of products including oil palm seeds, seedlings, FFB, oil palm clones and manufacturing of rat bait.

As at LPD, FGVAS operates production facilities for seeds, FFB and manufacturing of rat bait as follows:

(a) **Seed Production Unit FGVAS**

Location	:	Pusat Penyelidikan, Pertanian Tun Razak, 26400 Bandar Jengka, Pahang Darul Makmur
Size	:	3.12 HA
Location	:	Stesen Penyelidikan FGVAS Bukit Besar, 81450 Kulai Johor
Size	:	9.42 HA
Location	:	Stesen Penyelidikan FGVAS Trolak, 35600 Sungkai
Size	:	23.86 HA
Location	:	Stesen Penyelidikan FGVAS Sahabat 6, Cenderawasih, 91150 Lahad Datu, Sabah
Size	:	19.12 HA

(b) **FGVAS Estates**

Total size : 10,761.90 HA

Location :

i. Pusat Penyelidikan Pertanian Tun Razak, 26400 Bandar Jengka, Pahang Darul Makmur
ii. Stesen Penyelidikan Kota Gelanggi 06, Wakil Pos Kota Gelanggi 02, 27000 Jerantut, Pahang Darul Makmur
iii. Stesen Penyelidikan Kota Gelanggi 05, Wakil Pos Kota Gelanggi 02, 27000 Jerantut, Pahang Darul Makmur
iv. Stesen Penyelidikan Telang, Padang Tengku, 27100 Kuala Lipis, Pahang Darul Makmur
v. Stesen Penyelidikan Merchong, 41 - 004 Lorong Permai Kiri Desa Teratai, 26700 Muadzam Shah, Pahang Darul Makmur
vi. Stesen Penyelidikan Serting Hilir 4 / Tembangau, Bandar Seri Jempol, 72120 Negeri Sembilan
vii. Stesen Penyelidikan Kerteh, Jalan Kelubi, Bandar Ketengah Jaya, 23300 Dungun Terengganu
viii. Stesen Penyelidikan Lepar Utara 10, Wakil Pos Lepar Utara 01, 26400 Bandar Jengka, Pahang Darul Makmur
ix. Stesen Penyelidikan Jengka 24/25, 26400 Bandar Jengka, Pahang Darul Makmur
x. Stesen Penyelidikan Bukit Besar, Felda Bukit Besar, 81450 Kulai, Johor Darul Takzim
xi. Stesen Penyelidikan Sahabat 6/9, Peti Surat 02 Pos Cenderawasih, 91150 Lahad Datu, Sabah
xii. Stesen Penyelidikan Sahabat 17, Peti Surat 02 Pos Cenderawasih, 91150 Lahad Datu, Sabah
xiii. Stesen Penyelidikan Sahabat Tambisan/S59, Peti Surat 02 Pos Cenderawasih, 91150 Lahad Datu, Sabah

(c) Kilang Racun Tikus FGVAS

Location	:	Pusat Penyelidikan, Pertanian Tun Razak, 26400 Bandar Jengka, Pahang Darul Makmur.
Size	:	2.99 HA

The annual production capacity and output for seed production are as follows:

	Unit	FYE 31 December		
		2022	**2023**	**2024**
Annual capacity	million	25.00	27.00	27.50
Annual output	million	25.03[(1)]	27.05[(1)]	25.62

Note:

(1) Annual output exceeded annual capacity as FGVAS has improved quality processing at its seed lab and seed garden which improves the seed germination rate. This helps to cater for the surge in demand in FYE 31 December 2022 and FYE 31 December 2023.

The annual production capacity and output for FFB are as follows:

	Unit	FYE 31 December		
		2022	**2023**	**2024**
Annual capacity	MT	205,785	217,073	208,194
Annual output	MT	202,287	181,812	179,619

The annual production capacity and output for manufacturing rat bait are as follows:

	Unit	FYE 31 December		
		2022	**2023**	**2024**
Annual capacity	MT	3,510,000	3,510,000	3,592,000
Annual output	MT	2,701,276	3,333,308	2,064,954

The principal market of FGVAS' products is in Malaysia and sources its raw materials and supplies locally and abroad.

For the FYE 31 December 2024, the total seed sales reached 25.62 million (98%), with 25 million sold locally and 615,810 (2%) seeds exported to international markets. All other products are supplied to the domestic market.

For the FYE 31 December 2024, FGVAS incurred RM26.07 million in R&D costs, which was undertaken by FGV R&D Sdn Bhd.

2. Share capital

As at the LPD, FGVAS has issued share capital of RM167,987,332 comprising 65,000,000 ordinary shares ("**FGVAS Shares**"). FGVAS is a 76.9%-owned subsidiary of FHB, which in turn is wholly-owned by FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVAS and their respective shareholding in FGVAS are as follows:

		Direct		Indirect	
Name	**Place of Incorporation**	**No. of FGVAS Shares**	**%**	**No. of FGVAS Shares**	**%**
FHB	Malaysia	50,000,000	76.9	-	-
KPF	Malaysia	15,000,000	23.1	-	-
FGV	Malaysia	-	-	50,000,000[(1)]	76.9

Note:

(1) Deemed interested by virtue of its shareholding held through FHB pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVAS and their respective shareholdings in FGVAS are as follows:

			Direct		Indirect	
Name	**Nationality**	**Designation**	**No. of FGVAS Shares**	**%**	**No. of FGVAS Shares**	**%**
Sulong Jamil bin Mohamed Sharif	Malaysian	Director	-	-	-	-
Borhan bin Bachi	Malaysian	Director	-	-	-	-
Zul Hasymi bin Saadul Kurzi	Malaysian	Director	-	-	-	-
Mohd Helmi Fakhzan bin Abd Wahab	Malaysian	Director	-	-	-	-
Dato' Mohd Hairul bin Abdul Hamid	Malaysian	Director	-	-	-	-

5. Subsidiaries and associated companies

FGVAS does not have any subsidiaries and associated companies as at the LPD.

6. Assets owned

Based on FGVAS's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM653,449,650, which comprise the following:

Types of assets	**RM'000**
<u>Non-current assets</u>	
Property, plant and equipment	192,135,851
Intangible assets	360,070
Investment properties	315,583
Financial assets at fair value through other comprehensive income	3,927,437
Right-of-use assets	**161,602,099**

Types of assets	RM'000
Total	**358,341,040**
Current assets	
Inventories	30,036,293
Tax recoverable	195,333
Biological assets	5,891,025
Receivables	7,596,381
Loan due from other related company	181,993,954
Amount due from ultimate holding company	62,587
Amount due from a corporate shareholder	46,497
Amounts due from other related companies	27,230,321
Amount due from other related party	3,309,222
Deposits, cash and bank balances	38,746,997
Total	**295,108,610**
Total assets	**653,449,650**

7. Financial information of FGVAS

The summary financial information of FGVAS based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	2023	2024
	RM'000	RM'000	RM'000
Revenue	307,419	265,489	295,498
Profit before taxation	76,240	24,396	45,851
PAT	63,549	22,833	40,627
Earnings per FGVAS Share[(1)](RM)	0.98	0.35	0.63
No. of FGVAS Shares in issue ('000)	65,000	65,000	65,000
Share capital	167,987	167,987	167,987
Total equity / NA[(2)]	381,934	388,435	398,458
NA per FGVAS Share (RM)	5.88	5.98	6.13
Total borrowings	-	-	-
Current ratio (times)[(3)]	3.82	5.53	4.80
Gearing (times)[(4)]	-	-	-

***Notes*:**

(1) Computed based on PAT divided by the number of FGVAS Shares in issue.

(2) Computed based on NA divided by the number of FGVAS Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Not applicable as FGVAS has no borrowings.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVAS which are peculiar to FGVAS because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVAS.

Commentaries on financial performance:

<u>FYE 31 December 2023 vs FYE 31 December 2022</u>

FGVAS' revenue decreased by RM41.9 million or approximately 13.6% to RM265.5 million in FYE 31 December 2023 (FYE 31 December 2022: RM307.4 million) mainly due to lower FFB price.

FGVAS' PAT decreased by RM40.7 million or approximately 64.1% to RM22.8 million in FYE 31 December 2023 (FYE 31 December 2022: RM63.5 million). The decrease in PAT was consistent with the decline in revenue above and was also attributed to higher administrative expenses arising from higher professional fees incurred for R&D purposes.

<u>FYE 31 December 2024 vs FYE 31 December 2023</u>

FGVAS' revenue increased by RM30.0 million or approximately 11.3% to RM295.5 million in FYE 31 December 2024 (FYE 31 December 2023: RM265.5 million) mainly due to the higher FFB price and improved FFB yield.

FGVAS' PAT increased by RM17.8 million or approximately 77.9% to RM40.6 million in FYE 31 December 2024 (FYE 31 December 2023: RM22.8 million). The increase in PAT was mainly due to the improved revenue above, and was also attributed to a higher fair value gain arising from higher FFB price as well as lower finance cost.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVAS which may have a material impact on the profits or NA of FGVAS.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVAS.

10. Material litigation, claims and arbitration

FGVAS has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVAS has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVTS

1. History and business

FGVTS was incorporated on 4 September 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activities of FGVTS are provision of transporting liquid and general cargo, courier, forwarding and jetty operations. FGVTS commenced its business operation in 1975 and the principal market of the FGVTS' services is in Malaysia. FGVTS' annual revenue mainly contributed from domestic market with approximately 98% in Malaysia, while 2% from the foreign market which is the international courier services provided for Hajj and Umrah project based in Saudi Arabia with main customers from Malaysia and Indonesia. FGVTS sources its consumables and supplies locally.

2. Share capital

As at the LPD, FGVTS has issued share capital of RM57,591,952 comprising 30,000,000 ordinary shares ("**FGVTS Shares**"). FGVTS is a 51.0%-owned subsidiary of FHB, which in turn is wholly-owned by FGV.

3. Shareholders

As at the LPD, the shareholders of FGVTS and their respective shareholdings in FGVTS are set out as below:

		Direct		Indirect	
Name	Place of Incorporation	No. of FGVTS Shares	%	No. of FGVTS Shares	%
FHB	Malaysia	15,300,000	51.0	-	-
KPF	Malaysia	14,700,000	49.0	-	-
FGV	Malaysia	-	-	15,300,000[(1)]	51.0

Note:

(1) Deemed interested by virtue of its shareholding held through FHB pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVTS and their respective shareholdings in FGVTS are as follows:

			Direct		Indirect	
Name	Nationality	Designation	No. of FGVTS Shares	%	No. of FGVTS Shares	%
Dato' Muhamad Rizal bin Abdul Rahim	Malaysian	Director	-	-	-	-
Fakhrunniam bin Othman	Malaysian	Director	-	-	-	-
Aznur Kama binti Azmir	Malaysian	Director	-	-	-	-

5. Subsidiaries and associated companies

FGVTS does not have any subsidiaries and associated companies as at the LPD.

6. Assets owned

Based on FGVTS's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM305,457,585, which comprise the following:

Types of assets	**RM'000**
Non-current assets	
Property, plant and equipment	133,341,575
Right-of-use assets	8,972,956
Investment properties	904,794
Financial assets at fair value through profit or loss	-
Total	**143,219,325**
Current assets	
Inventories	2,093,118
Receivables	28,727,040
Contract assets	3,253,818
Tax recoverable	-
Loans due from other related company	18,531,364
Amount due from ultimate holding body	477,689
Amount due from intermediate holding company	33,343
Amount due from a significant shareholder	-
Amounts due from other related companies	62,775,164
Deposits, cash and bank balances	46,346,724
Total	**162,238,260**
Total assets	**305,457,585**

7. Financial information of FGVTS

The summary financial information of FGVTS based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	306,453	265,145	312,854
Profit before taxation	12,806	4,850	10,813
PAT	8,449	2,451	7,804
Earnings per FGVTS Share[(1)](RM)	0.28	0.08	0.26
No. of FGVTS Shares in issue ('000)	30,000	30,000	30,000
Share capital	57,592	57,592	57,592
Total equity / NA[(2)]	190,304	183,704	186,988
NA per FGVTS Share (RM)	6.34	6.12	6.23

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Total borrowings	26,641	42,666	57,303
Current ratio (times)[(3)]	3.28	2.17	2.56
Gearing (times)[(4)]	0.14	0.23	0.31

***Notes*:**

(1) Computed based on PAT divided by the number of FGVTS Shares in issue.

(2) Computed based on NA divided by the number of FGVTS Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Computed based on total borrowings divided by total equity.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVTS which are peculiar to FGVTS because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVTS.

Commentaries on financial performance:

FYE 31 December 2023 vs FYE 31 December 2022

FGVTS' revenue decreased by RM41.4 million or approximately 13.5% to RM265.1 million in FYE 31 December 2023 (FYE 31 December 2022: RM306.5 million) mainly due to reduction in tonnage which was attributable to the decline in CPO production during the year.

FGVTS' PAT decreased by RM6.0 million or approximately 71.0% to RM2.5 million in FYE 31 December 2023 (FYE 31 December 2022: RM8.5 million). The decrease in PAT was consistent with the decline in revenue above and was due to the increase in contract driver's commissions as well as higher depreciation and interest costs.

FYE 31 December 2024 vs FYE 31 December 2023

FGVTS' revenue increased by RM47.8 million or approximately 18.0% to RM312.9 million in FYE 31 December 2024 (FYE 31 December 2023: RM265.1 million) mainly due to the rise in tonnage which was largely attributed to the increase in production and delivery of CPO and palm kernel.

FGVTS' PAT increased by RM5.3 million or approximately 229.5% to RM7.8 million in FYE 31 December 2024 (FYE 31 December 2023: RM2.5 million). The increase in PAT was mainly due to the increase in revenue above and was attributed to a gain from disposal of assets.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVTS which may have a material impact on the profits or NA of FGVTS.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVTS.

10. Material litigation, claims and arbitration

FGVTS has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVTS has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVSS

1. History and business

FGVSS was incorporated on 4 September 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activities of FGVSS are security services, sale of security appliances, sales and provision of services of fire protection equipment, pest control and training services. The principal market of the FGVSS' products and services is in Malaysia. FGVSS' annual revenue derives 100% from domestic and using local workforce to provide security services. FGVSS sources security appliances and fire protection equipment locally.

2. Share capital

As at the LPD, FGVSS has issued share capital of RM12,843,666 comprising 2,880,000 ordinary shares ("**FGVSS Shares**"). FGVSS is a 51.0%-owned subsidiary of FHB, which in turn is wholly-owned by FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVSS and their respective shareholding in FGVSS are as follows:

		Direct		Indirect	
Name	**Place of Incorporation**	**No. of FGVSS Shares**	**%**	**No. of FGVSS Shares**	**%**
FHB	Malaysia	1,468,800	51.00	-	-
KPF	Malaysia	1,411,200	49.00	-	-
FGV	Malaysia	-	-	1,468,800[(1)]	51.0

Note:

(1) Deemed interested by virtue of its shareholding held through FHB pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVSS and their respective shareholding in FGVSS are as follows:

			Direct		Indirect	
Name	**Nationality**	**Designation**	**No. of FGVSS Shares**	**%**	**No. of FGVSS Shares**	**%**
Mohd Akmar bin Dewa	Malaysian	Director	-	-	-	-
Fakhrunniam bin Othman	Malaysian	Director	-	-	-	-
Mohd Faisal bin Mustaffa	Malaysian	Director	-	-	-	-
Hasbullah bin Muhamad	Malaysian	Director	-	-	-	-

5. Subsidiaries and associated companies

FGVSS does not have any subsidiaries and associated companies as at the LPD.

6. Assets owned

Based on FGVSS's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM64,983,890, which comprise the following:

Types of assets	**RM**
Non-current assets	
Property, plant and equipment	5,206,691
Right-of-use assets	1,030,140
Deferred tax assets	4,621,031
Total	**10,857,862**
Current assets	
Inventories	295,9761,
Trade, other receivables, deposits and prepayments	914,734
Amount due from ultimate holding body	5,929,588
Amount due from penultimate holding company	201,498
Amounts due from other related companies	20,800,639
Amount due from a significant shareholder	337,916
Tax recoverable	-
Deposits, cash and bank balances	24,645,677
Total	**54,126,028**
Total assets	**64,983,890**

7. Financial information of FGVSS

The summary financial information of FGVSS based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	108,401	135,539	142,483
Profit before taxation	(13,505)	12,620	10,975
(LAT)/ PAT	(9,852)	10,057	8,787
Earnings per FGVSS Share[(1)] (RM)	(3.42)	3.49	3.05
No. of FGVSS Shares in issue ('000)	2,880	2,880	2,880
Share capital	12,844	12,844	12,844
Total equity / NA[(2)]	16,589	26,480	35,172
NA per FGVSS Share (RM)	5.76	9.19	12.21
Total borrowings	8,500	6,400	2,000
Current ratio (times)[(3)]	1.12	1.76	2.19
Gearing (times)[(4)]	0.51	0.24	0.06

Notes:

(1) Computed based on (LAT) / PAT divided by the number of FGVSS Shares in issue.

(2) Computed based on NA divided by the number of FGVSS Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Computed based on total borrowings divided by total equity.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVSS which are peculiar to FGVSS because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVSS.

Commentaries on financial performance:

FYE 31 December 2023 vs FYE 31 December 2022

FGVSS' revenue increased by RM27.1 million or approximately 25.0% to RM135.5 million in FYE 31 December 2023 (FYE 31 December 2022: RM108.4 million) mainly due to improved security service rate per hour.

FGVSS' recorded a PAT of RM10.1 million in FYE 31 December 2023 (FYE 31 December 2022: LAT of RM9.9 million). The PAT recorded was mainly due to the increase in revenue above and was attributed to refunds receive from the Human Resource Development Corporation (HRDF) amounting to RM0.9 million (FYE 31 December 2022: RM0.3 million). The refunds received from the HRDF were training grant reimbursement for approved training programs. In addition, the PAT recorded was also attributed to the reversal of impairment on trade receivables amounting to RM2.4 million (FYE 31 December 2022: RM0.3 million). The reversal on trade receivables reflects a reduced expected credit loss and was recognised as a gain in FYE 31 December 2023 as the previously impaired amount has been collected.

FYE 31 December 2024 vs FYE 31 December 2023

FGVSS' revenue increased by RM7.0 million or approximately 5.1% to RM142.5 million in FYE 31 December 2024 (FYE 31 December 2023: RM135.5 million) mainly due to the increase in security hours for patrolling and special task provided to FGV' subsidiaries.

Notwithstanding the increase in revenue, FGVSS' PAT decreased by RM1.3 million or approximately 12.6% to RM8.8 million in FYE 31 December 2024 (FYE 31 December 2023: RM10.1 million). The lower PAT was mainly due to higher operation and administrative cost.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVSS which may have a material impact on the profits or NA of FGVSS.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVSS.

10. Material litigation, claims and arbitration

FGVSS has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVSS has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVPS

1. History and business

FGVPS was incorporated on 4 August 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activities of FGVPS are providing IT solutions including designing, developing, and implementing tailored IT systems to meet specific business or operational needs such as software applications, data integration, and business process automation, sales of computer hardware, software and equipment, the provision of licensed software solutions and system integrations for enterprise and government use, including productivity suites, enterprise resource planning (ERP), and specialized systems, system support services such as continuous monitoring, maintenance, and support of IT infrastructure, including managing servers, network systems, data storage, backups, and end-user support and leasing of IT equipment.

The principal market of FGVPS's products is in Malaysia. FGVPS derives 100% of its revenue from domestic sales, with no export activities.

2. Share capital

As at the LPD, FGVPS has issued share capital of RM37,933,558 comprising 12,500,000 ordinary shares ("**FGVPS Shares**"). FGVPS is a 80%-owned subsidiary of FHB, which in turn is wholly-owned by FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVPS and their respective shareholding in FGVPS are as follows:

		Direct		Indirect	
Name	**Place of Incorporation**	**No. of FGVPS Shares**	**%**	**No. of FGVPS Shares**	**%**
FHB	Malaysia	10,000,000	80.0	-	-
KPF	Malaysia	2,500,000	20.0	-	-
FGV	Malaysia	-	-	10,000,000[(1)]	80.0

Note:

(1) Deemed interested by virtue of its shareholding held through FHB pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVPS and their respective shareholdings in FGVPS are as follows:

			Direct		Indirect	
Name	**Nationality**	**Designation**	**No. of FGVPS Shares**	**%**	**No. of FGVPS Shares**	**%**
Fakhrunniam bin Othman	Malaysian	Director	-	-	-	-
Shamsuri Jasri bin Abdul Rahman	Malaysian	Director	-	-	-	-
Aznur Kama binti Azmir	Malaysian	Director	-	-	-	-
Mohd Helmi Fakhzan bin Abd Wahab	Malaysian	Director	-	-	-	-

5. Subsidiaries and associate companies

FGVPS does not have any subsidiaries and associated companies.

6. Assets owned

Based on FGVPS's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM192,718,725, which comprise the following:

Types of assets	RM
Non-current assets	
Property, plant and equipment	24,112,245
Intangible assets	2,349,527
Investment properties	1,549,726
Receivables, deposits and prepayments	22,210,246
Right-of-use assets	4,040,931
Deferred tax assets	3,803,657
Total	**58,066,332**
Current assets	
Inventories	4,433,628
Receivables, deposits and prepayments	46,499,552
Tax recoverable	158,437
Contract assets	12,643,567
Amount due from ultimate holding company	21,324,652
Amount due from intermediate holding company	4,711,180
Amounts due from other related companies	10,795,786
Deposits, cash and bank balances	34,085,591
Total	**134,652,393**
Total assets	**192,718,725**

7. Financial information of FGVPS

The summary financial information of FGVPS based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	167,340	210,907	280,819
Profit before taxation	(15,119)	7,863	7,934
(LAT)/ PAT	(21,060)	7,802	11,538
(Loss)/ Earnings per FGVPS Share[(1)] (RM)	(1.68)	0.62	0.92
No. of FGVPS Shares in issue ('000)	12,500	12,500	12,500
Share capital	37,934	37,934	37,934

INFORMATION ON FGVPS *(Cont'd)*

	Audited		
	FYE 31 December		
	2022	2023	2024
	RM'000	RM'000	RM'000
Total equity / NA[(2)]	69,975	77,741	87,382
NA per FGVPS Share (RM)	5.60	6.22	6.99
Total borrowings	6,000	-	-
Current ratio (times)[(3)]	1.45	1.76	1.59
Gearing (times)[(4)]	0.09	-	-

***Notes*:**

(1) Computed based on (LAT) / PAT divided by the number of FGVPS Shares in issue.

(2) Computed based on NA divided by the number of FGVPS Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Computed based on total borrowings divided by total equity.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVPS which are peculiar to FGVPS because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVPS.

Commentaries on financial performance:

<u>FYE 31 December 2023 vs FYE 31 December 2022</u>

FGVPS' revenue increased by RM43.6 million or approximately 26.0% to RM210.9 million in FYE 31 December 2023 (FYE 31 December 2022: RM167.3 million) mainly driven by new projects received from the Ministry of Education (MOE) ("**MOE Project**") and Felda RISE ("**Felda RISE Project**").

For information purpose, the details of the MOE Project and Felda RISE Project are set out below:

Name of project	Client	Project description	Contract value	Duration
MOE Project	MOE	Perkhidmatan Sewaan Komputer Riba Mesra Alam Yang Memenuhi Keperluan Hijau Secara Sewa Milik (Lease To Own) Untuk Keperluan Guru Di Sekolah Dan Institusi Pendidikan Kementerian Pendidikan Malaysia (Zon 5 - Perlis, Kedah dan Pulau Pinang) *(Provision of lease to own laptop services to teachers in schools and educational institutions under the MOE)*	RM47,655,180	15 September 2023 to 14 December 2028
Felda RISE Project	FELDA	System Implementer(SI) bagi Pembangunan Sistem Komputer Berintegrasi (SKB)2.0 Projek SAP RISE *(Development of an integrated computer system (2.0) for FELDA)*	RM41,976,000	25 October 2022 to 24 March 2025

FGVPS recorded a PAT of RM7.8 million in FYE 31 December 2023 (FYE 31 December 2022: LAT of RM21.1 million). The PAT recorded was mainly due to the increase of project revenue and reversal of impairment on financial asset amounting to RM1.6 million, arising from the collection of long outstanding debt amounting to RM17.4 million.

FYE 31 December 2024 vs FYE 31 December 2023

FGVPS' revenue increased by RM69.9 million or approximately 33.2% to RM280.8 million in FYE 31 December 2024 (FYE 31 December 2023: RM210.9 million) mainly driven by a new contract awarded by the Inland Revenue Board of Malaysia for the MyInvois Project.

For information purpose, the details of the MyInvois Project are set out below:

Name of project	Client	Project description	Contract value	Duration
MyInvois Project	Inland Revenue Board of Malaysia ("**IRBM**")	Pembangunan Perlaksanaan Dan Penyenggaraan Sistem MyInvois Untuk Lembaga Hasil Dalam Negeri *(Development, implementation, and maintenance of the MyInvois system for the IRBM)*	RM161,888,000	15 January 2024 to 14 January 2027

FGVPS' PAT increased by RM3.7 million or approximately 47.9% to RM11.5 million in FYE 31 December 2024 (FYE 31 December 2023: RM7.8 million). The increase in PAT was mainly due to the increase in revenue above as well as the utilisation of previously unrecognised deductible tax differences and tax assets amounting to RM3.8 million and RM2.5 million respectively.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVPS which may have a material impact on the profits or NA of FGVPS.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVPS other than the existing liabilities and contingent liabilities of FGVPS which includes the material litigation on FGVPS as set out in **Section 10 of this Appendix VIII**.

10. Material litigations, claims and arbitration

Save as disclosed below, as at the LPD, FGVPS has not engaged in any other material litigation, claims and/or arbitration:

Kuala Lumpur High Court (Civil Suit No. WA-22NCvC-364-05/2021) VDSL Technology Sdn Bhd ("the Plantiff") v FGVPS ("1st Defendant") and FELDA ("2nd Defendant")

On 18 May 2021, FGVPS had been served with the sealed Writ and Statement of Claim, both dated 12 May 2021 filed by the Plaintiff, VDSL Technology Sdn Bhd ("**VDSL**") ("**Legal Suit**").

Plaintiff claims for a compensation and damages amounting to RM170,707,600.00 due to the 1st and 2nd Defendants' alleged breaches on various arrangements agreed upon by parties in regard to a project titled Felda Broadband Initiative Project.

The Court had instructed the parties to explore and discuss possible settlement via Court assisted mediation and had fixed 11 May 2022 as the mediation date. The Court had also fixed 2 June 2022 for the hearing of all interlocutory applications before the judge and directed that parties may file in respective reply submission for all interlocutory applications (if any) by 19 May 2022.

On 11 May 2022, after hearing parties, the Mediator acknowledged that the mediation was unsuccessful.

In view of the outcome of the mediation, the Hearing of all interlocutory applications continued on 2 June 2022, 12 July 2022, 19 August 2022, 25 November 2022 before the Court fixed for decision on 16 December 2022.

On 16 December 2022, the Court has arrived to the following decisions:

(i) the Court has recorded a Consent Order between the Plaintiff and the 2nd Defendant in respect of Protective Order application and the 2nd Defendant 's Discovery application;

(ii) the Court allowed the Plaintiff 's Protective Order application with costs in the cause; and

(iii) the Court dismissed the Security for Costs application filed by the Defendants with costs of RM5,000.00.

The Defendants filed an appeal on the High Court's decision for application for Security for Costs. The Court of Appeal had on 10 August 2023 allowed the Defendants' appeal for security for costs and directed the Plaintiff to pay a sum of RM100,000 as security for costs to the Defendants.

The High Court has fixed the matter for trial on 16 to 19 June 2025. Subject to discovery of additional/further/new information/documents, and the Court's assessment of the strength of the evidence tendered by 1st Defendant at the trial, the solicitors are of the view that there is a fair chance of 1st Defendant succeeding in resisting the claim of the Plaintiff.

11. Material contracts

FGVPS has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

INFORMATION ON FGVRI

1. History and business

FGVRI was incorporated on 5 September 1995 in Malaysia under the Companies Act 1965 and is deemed registered under the Act as a private limited company. The principal activities of FGVRI are processing of raw latex to concentrated latex and Standard Malaysian Rubber (SMR), manufacturing, and distribution of rubber related products.

FGVRI commenced its business operation in 1970 and is principally involved in the managing business activities for the production of Standard Malaysian Rubber (SMR), In House Grade Rubber and Green Rubber products.

As at LPD, FGVRI operates four (4) manufacturing facilities as follows:

(a) **Principal products manufactured:** Standard Malaysian Rubber (SMR) & In House Grade Rubber

(i) Kilang Getah Felda Teloi Timur

Location : Kilang Getah Felda Teloi Timur, 09300 Kuala Ketil, Kedah
Size : 15.155 HA

(ii) Kilang Getah Felda Kg Awah

Location : Kilang Getah Felda Kg Awah, 28030 Temerloh, Pahang
Size : 21.866 HA

(iii) Kilang Getah Felda Pasir Besar

Location : Kilang Getah Felda Pasir Besar, 73470 Gemas, Negeri Sembilan
Size : 25.298 HA

(b) **Principal products manufactured:** SMR & Green Rubber Product

(i) Kilang Getah Felda Palong 8

Location : Kilang Getah Felda Palong 8, 73470 Gemas, Negeri Sembilan
Size : 32.625 HA

The annual production capacity and output for SMR are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	115,123	115,123	115,123
Annual output	MT	71,338	40,910	36,567

The annual production capacity and output for In House Grade Rubber are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	74,256	74,256	74,256
Annual output	MT	18,397	10,035	20,545

The annual production capacity and output for Green Rubber products are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	2,472	2,472	2,472
Annual output	MT	252	197	552

FGVRI primarily exports its rubber products, especially Standard Malaysian Rubber (SMR 10 and SMR 20), inhouse grade mixture rubber (MR) and Green Rubber (Ekoprena & Pureprena) worldwide, with China as the largest market due to the high concentration of global tyre manufacturers.

FGVRI's annual export revenue ranged from approximately 86% to 94% in which China is its main exporting region, contributing between 41% to 57% of its total export revenue for the FYE 31 December 2022 to FYE 31 December 2024.

FGVRI sources approximately 30% of its raw materials locally and the remaining 70% is imported through African countries and Southeast Asia countries.

2. Share capital

As at the LPD, FGVRI has issued share capital of RM95,855,000 comprising 42,000,000 ordinary shares ("**FGVRI Shares**"). FGVRI is a 71.4%-owned subsidiary of FHB, which in turn is wholly-owned by FGV.

3. Shareholders

As at the LPD, the substantial shareholders of FGVRI and their respective shareholding in FGVRI are as follows:

		Direct		Indirect	
Name	Place of Incorporation	No. of FGVRI Shares	%	No. of FGVRI Shares	%
FHB	Malaysia	30,000,000	71.4	-	-
KPF	Malaysia	12,000,000	28.6	-	-
FGV	Malaysia	-	-	30,000,000[(1)]	71.4

Note:

(1) Deemed interested by virtue of its shareholding held through FGV pursuant to Section 8 of the Act.

4. Directors

As at the LPD, the directors of FGVRI and their respective shareholdings in FGVRI are set out as below:

			Direct		Indirect	
Name	Nationality	Designation	No. of FGVRI Shares	%	No. of FGVRI Shares	%
Dato' Mohd Hairul bin Abdul Hamid	Malaysian	Director	-	-	-	-
Dato' Zainal Abidin bin Ahmad	Malaysian	Director	-	-	-	-

Name	Nationality	Designation	Direct No. of FGVRI Shares	Direct %	Indirect No. of FGVRI Shares	Indirect %
Borhan bin Bachi	Malaysian	Director	-	-	-	-
Mohd Faisal bin Mustaffa	Malaysian	Director	-	-	-	-

5. Subsidiaries and associated company

As at the LPD, the subsidiaries of FGVRI are as follows:

Company	Date of incorporation	Place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal Activities
Feltex Co. Ltd ("**FELTEX**")	25 April 1995	Thailand	THB102,000,000	51.0	Processing and marketing of rubber products.
P.T. Felda Indo Rubber ("**PTFIR**")	13 May 2005	Indonesia	IDR14,935,725,000	70.0	Processing and marketing of rubber products.

FELTEX is incorporated as a limited company with registration No. 0905538001093 under the Thai Civil and Commercial Law on 25 April 1995 and commenced its operation in 1997. FELTEX is principally involved in the production and sale of natural rubber products which are latex concentrate, Standard Thai Rubber (STR) Constant Viscosity (CV), namely STR 5 CV 50 and 60 and skim crepe and skim block.

As at LPD, FELTEX operates one (1) manufacturing facility for latex concentrate, Standard Thai Rubber (STR) Constant Viscosity (CV), namely STR 5 CV 50 and 60 and skim crepe and skim block with details as follows:

Location	:	225 Moo 5 Tambon Kampaengphet, Amphur Rattaphum, Songkhla 90180, Thailand
Size	:	18.19 acres

The annual production capacity and output for latex concentrate are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	17,280	17,280	17,280
Annual output	MT	3,897	6,547	5,013

The annual production capacity and output for STR CV, namely STR 5 CV 50 and 60 are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	1,500	1,500	1,500
Annual output	MT	338	459	346

The annual production capacity and output for skim crepe and skim block are as follows:

	Unit	FYE 31 December		
		2022	2023	2024
Annual capacity	MT	1,500	1,500	1,500
Annual output	MT	329	584	472

The principal market of the FELTEX products is in Thailand. FELTEX annual export revenue ranged from approximately 46% to 85%, in which Southeast and East Asia is its main exporting region, contributing between 50% to 82% of its total export revenue for FYE 31 December 2022 to FYE 31 December 2024. FELTEX sources its raw materials 100% locally.

PTFIR was established in 2005 and commenced its operations in 2007. PTFIR is involved in managing business activities for the production of Standard Indonesian Rubber (SIR) 10 & 20. The business activities have ceased its factory operation on 1 September 2019 and the company has been under liquidation process effective 25 June 2020. On 14 April 2020, the FGV board of directors approved the liquidation process for PTFIR. The liquidation process is still in progress to date.

FGVRI does not have associated companies as at the LPD.

6. Assets owned

Based on FGVRI's latest audited financial statements for the FYE 31 December 2024, the total assets stood at RM114,619,000, which comprise the following:

Types of assets	**RM'000**
Non-current assets	
Property, plant and equipment	11,775
Right-of-use assets	1,675
Investment in subsidiaries	3,480
Total	**16,930**
Current assets	
Inventories	54,692
Receivables	30,103
Amount due from ultimate holding company	107
Tax recoverable	14
Deposits, cash and bank balances	12,773
Total	**97,689**
Total assets	**114,619**

7. Financial information of FGVRI

The summary financial information of FGVRI based on its audited financial statements for the past 3 FYEs 31 December 2022 to 31 December 2024 are as follows:

	Audited		
	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	685,289	344,215	484,784
Loss before taxation	(85,192)	(46,774)	(44,632)
LAT	(85,202)	(46,774)	(44,632)
Loss per FGVRI Share[(1)] (RM)	(2.84)	(1.56)	(1.49)
No. of FGVRI Shares in issue ('000)	42,000	42,000	42,000
Share capital	95,855	95,855	95,855
Total equity / NA[(2)]	(102,998)	(149,778)	(194,389)
NA per FGVRI Shares (RM)	(1.07)	(1.56)	(2.03)
Total borrowings	216,777	215,431	232,581
Current ratio (times)[(3)]	0.56	0.39	0.32
Gearing (times)[(4)]	-	-	-

***Notes*:**

(1) Computed based on LAT divided by the number of FGVRI Shares in issue.

(2) Computed based on NA divided by the number of FGVRI Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Not meaningful due to negative NA.

During the financial years under review:

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by FGVRI which are peculiar to FGVRI because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of FGVRI.

Commentaries on financial performance:

<u>FYE 31 December 2023 vs FYE 31 December 2022</u>

FGVRI's revenue decreased by RM341.1 million or approximately 49.8% to RM344.2 million in FYE 31 December 2023 (FYE 31 December 2022: RM685.3 million) mainly due to lower sales volume and selling price of SMR, mixture rubber, Ekoprena (ENR) and Pureprena (DPNR) ("**Rubber Products**").

FGVRI's LAT improved by RM38.4 million or approximately 45.1% to RM46.8 million in FYE 31 December 2023 (FYE 31 December 2022: RM85.2 million). The lower LAT was mainly due to realised gain on foreign exchange amounted to RM0.84 million as compared to a loss on foreign exchange of RM10.11 million, lower administrative expenses as well as a reversal of impairment on financial asset.

FYE 31 December 2024 vs FYE 31 December 2023

FGVRI's revenue increased by RM140.6 million or approximately 40.8% to RM484.8 million in FYE 31 December 2024 (FYE 31 December 2023: RM344.2 million) mainly due to higher ultrafiltration (UF) in production which resulted in overall processing cost reduction as well as higher selling price of the Rubber Products.

FGVRI' LAT decreased by RM2.2 million or approximately 4.6% to RM44.6 million in FYE 31 December 2024 (FYE 31 December 2023: RM46.8 million). The decrease in LAT was mainly due to the increase in revenue above as well recoverable of impairment on receivable during the year.

8. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by FGVRI which may have a material impact on the profits or NA of FGVRI.

9. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the profits or NA of FGVRI.

10. Material litigation, claims and arbitration

FGVRI has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant as at LPD.

11. Material contracts

FGVRI has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

Registration No.

199501024581 (353786-A)

FGV KERNEL PRODUCTS SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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Registration No.
199501024581 (353786-A)

FGV KERNEL PRODUCTS SDN. BHD.
(Incorporated in Malaysia)

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FGV KERNEL PRODUCTS SDN. BHD.
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DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Samsudin bin Othman
Mohd Djunadi bin Samsuddin
Abdul Malik bin Sekak
Hasrin bin Ismail
Zulkifli bin Othman

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 principal activities of the Company are;
i) buying and processing oil palm kernels, refined palm oil products and selling its products,
ii) manufacture and trading food and non-food products, and
iii) specialised in retail sale and e-commerce of cosmetic, personal care, household products, toiletries and others.

There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	15,320,811

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 31 December 2023 are as follows:

	RM
In respect of financial year ended 31 December 2024:	
- First interim single-tier dividend of 15 sen per share, declared on 7 March 2024, paid on 25 March 2024	3,600,000

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

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FGV KERNEL PRODUCTS SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

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 is a member, or with a company in which he 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 holding company or subsidiaries of the holding company during the financial year.

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024 RM
Principal auditors' remuneration:	
- Audit fee	78,500

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024 RM
Directors' remuneration:	
- Fees	90,000
- Other benefits	3,000
	93,000

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FGV KERNEL PRODUCTS SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

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

(a) any charge on the assets 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 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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 Company for the financial year in which this report is made.

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FGV KERNEL PRODUCTS SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

IMMEDIATE, INTERMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES

The Directors regard FGV Palm Industries Sdn. Bhd., Felda Holdings Berhad., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate holding company, intermediate holding company, penultimate holding company and ultimate holding company, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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 25 March 2025. Signed on behalf of the Board of Directors:

ABDUL MALIK BIN SEKAK DIRECTOR	MOHD DJUNADI BIN SAMSUDDIN DIRECTOR

Kuala Lumpur

Registration No.
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FGV KERNEL PRODUCTS SDN. BHD.
(Incorporated in Malaysia)

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

We, Abdul Malik bin Sekak and Mohd Djunadi bin Samsuddin, two of the Directors of FGV Kernel Products Sdn. Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 10 to 75 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance and cash flows 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 25 March 2025.

ABDUL MALIK BIN SEKAK
DIRECTOR

MOHD DJUNADI BIN SAMSUDDIN
DIRECTOR

Kuala Lumpur

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

I, Abdul Muhaimin bin Ab Kadir, the Officer primarily responsible for the financial management of FGV Kernel Products Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 75 are, in my opinion, 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.

ABDUL MUHAIMIN BIN AB KADIR
MIA membership no.: 35653

Subscribed and solemnly declared by the abovenamed Abdul Muhaimin bin Ab Kadir in Kuala Lumpur on 25 March 2025, before me.

PESURUHJAYA SUMPAH
W643
MOHD KAMAL RUZAMAN BIN OTHMAN
TEMPOH LANTIKAN
01-01-2025-31-12-2027
MALAYSIA

COMMISIONER FOR OATHS
No. 5-2, Jalan AU 1A/4B
Taman Keramat Permai
54200 Kuala Lumpur, Malaysia

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FGV KERNEL PRODUCTS SDN. BHD.

(Incorporated in Malaysia)
Registration No. 199501024581 (353786-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Kernel Products Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 75.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV KERNEL PRODUCTS SDN. BHD. (CONTINUED)

(Incorporated in Malaysia)
Registration No. 199501024581 (353786-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV KERNEL PRODUCTS SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024581 (353786-A)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV KERNEL PRODUCTS SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024581 (353786-A)

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

MAHESH A/L RAMESH
03428/04/2025 J
Chartered Accountant

Kuala Lumpur
25 March 2025

Registration No.
199501024581 (353786-A)

FGV KERNEL PRODUCTS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
Revenue	5	1,518,043,933	1,102,625,925
Cost of sales		(1,461,621,252)	(1,083,399,107)
Gross profit		56,422,681	19,226,818
Other operating income	6	5,968,998	3,943,206
Selling and distribution costs		(30,192,932)	(27,715,952)
Administrative expenses		(14,599,229)	(11,118,951)
Other expenses		(763,033)	(17,014)
Other (loss)/gain - net	7	(1,175,122)	174,363
Operating profit/(loss)		15,661,363	(15,507,530)
Finance income	8	6,348,561	6,283,633
Finance costs	8	(2,262,580)	(2,718,207)
Profit/(loss) before zakat and taxation	9	19,747,344	(11,942,104)
Zakat	11	-	(277,510)
Taxation	12	(4,426,533)	3,685,754
Profit/(loss) for the financial year		15,320,811	(8,533,860)
Other comprehensive income/(loss), net of tax:			
Item that will not be reclassified to profit or loss			
Actuarial loss on defined benefit plan	24	(4,297)	(2,465)
Total comprehensive income/(loss) for the financial year		15,316,514	(8,536,325)

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FGV KERNEL PRODUCTS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	14	34,989,741	33,024,259
Right-of-use assets	15	6,678,926	7,148,005
Investment properties	16	343,082	355,030
Tax recoverable		-	2,084,798
		42,011,749	42,612,092
Current assets			
Inventories	17	131,598,238	113,523,364
Receivables	18	4,983,792	1,150,534
Amounts due from other related companies	19	31,419,481	30,997,917
Loan due from other related company	20	118,000,000	199,000,000
Tax recoverable		110,518	1,539,180
Derivative financial assets	21	-	234,331
Deposits, cash and bank balances	22	58,148,230	13,465,675
		344,260,259	359,911,001
Total assets		386,272,008	402,523,093
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	41,814,534	41,814,534
Retained earnings		115,813,454	104,096,940
Total equity		157,627,988	145,911,474
Non-current liabilities			
Provision for defined benefit plan	24	452,437	447,990
Deferred taxation	25	2,199,943	58,757
Lease liabilities	29	5,244,133	5,647,352
		7,896,513	6,154,099

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
Current liabilities			
Payables	26	10,707,783	7,991,275
Contract liabilities	27	13,700,781	15,886,820
Amount due to immediate holding company	19	131,520	131,340
Amount due to penultimate holding company	19	129,167	532,642
Amounts due to other related companies	19	135,215,168	99,867,076
Short term borrowings	28	60,449,605	125,700,000
Derivative financial liabilities	21	5,067	-
Lease liabilities	29	408,416	348,367
		220,747,507	250,457,520
Total liabilities		228,644,020	256,611,619
Total equity and liabilities		386,272,008	402,523,093

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Issued and paid-up share capital Ordinary share RM	Distributable Retained earnings RM	Total equity RM
2024				
At 1 January 2024		41,814,534	104,096,940	145,911,474
Profit for the financial year		-	15,320,811	15,320,811
Other comprehensive loss, net of tax:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan		-	(4,297)	(4,297)
Total comprehensive income for the financial year		-	15,316,514	15,316,514
Transaction with owners:				
Dividends paid	13	-	(3,600,000)	(3,600,000)
At 31 December 2024		41,814,534	115,813,454	157,627,988
2023				
At 1 January 2023		41,814,534	117,433,265	159,247,799
Loss for the financial year		-	(8,533,860)	(8,533,860)
Other comprehensive loss, net of tax:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan		-	(2,465)	(2,465)
Total comprehensive loss for the financial year		-	(8,536,325)	(8,536,325)
Transaction with owners:				
Dividends paid	13	-	(4,800,000)	(4,800,000)
At 31 December 2023		41,814,534	104,096,940	145,911,474

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the financial year		15,320,811	(8,533,860)
Adjustments for:			
Taxation		4,426,533	(3,685,754)
Zakat		-	277,510
Property, plant and equipment			
- depreciation		3,840,244	4,354,057
- impairment loss		-	7,181,259
- write-offs		5,786	17,014
Depreciation of right-of-use assets		469,079	469,079
Depreciation of investment properties		39,448	39,448
Finance costs		2,262,580	2,718,207
Finance income		(6,348,561)	(6,283,633)
Changes in provision for stock obsolescences		5,337,828	(662,140)
Foreign currency exchange gain – unrealised		(105,698)	(15,179)
Fair value gain/(loss) on derivatives – unrealised		239,398	(174,363)
Defined benefit plan charge		46,010	166,285
		25,533,458	(4,132,070)
Working capital changes:			
Inventories		(23,412,702)	(15,902,386)
Receivables		(3,727,560)	532,254
Related companies		34,523,233	(8,943,630)
Payables		2,716,508	900,194
Contract liabilities		(2,186,039)	7,915,867
Cash flows generated/(used in) from operations		33,446,898	(19,629,771)
Tax paid		(913,073)	(2,334,038)
Tax refunded		2,141,186	-
Zakat paid		-	(277,510)
Retirement benefits paid		(45,860)	(39,350)
Net cash generated/(used in) from operating activities		34,629,151	(22,280,669)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,811,512)	(6,748,403)
Purchase of investment property		(27,500)	-
Finance income received		6,348,561	6,283,633
Loan advanced to other related company		(200,500,000)	(397,500,000)
Repayments of loan advanced to other related company		281,500,000	275,500,000
Net cash generated/(used in) from investing activities		81,509,549	(122,464,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(629,351)	(661,830)
Dividends paid to shareholders		(3,600,000)	(10,800,000)
Drawdown of short term borrowings		168,000,000	320,000,000
Repayments of short term borrowings		(235,226,794)	(196,715,474)
Net cash (used in)/generated from financing activities		(71,456,145)	111,822,696
NET CHANGES IN CASH AND CASH EQUIVALENTS		44,682,555	(32,922,743)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		13,405,675	46,328,418
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	23	58,088,230	13,405,675

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

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

	At 1 January 2024 RM	Drawdown RM	Non cash changes Interest accretion RM	Repayment* RM	At 31 December 2024 RM
2024					
Short term borrowings	125,700,000	168,000,000	1,976,399	(235,226,794)	60,449,605
Lease liabilities	5,995,719	-	286,181	(629,351)	5,652,549
	131,695,719	168,000,000	2,262,580	(235,856,145)	66,102,154

	At 1 January 2023 RM	Drawdown RM	Non cash changes Interest accretion RM	Repayment* RM	At 31 December 2023 RM 2023
2023					
Short term borrowings	-	320,000,000	2,415,474	(196,715,474)	125,700,000
Lease liabilities	6,354,816	-	302,733	(661,830)	5,995,719
	6,354,816	320,000,000	2,718,207	(197,377,304)	131,695,719

* Repayments include payments of finance costs

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are;
i) buying and processing oil palm kernels, refined palm oil products and selling its products;
ii) manufacture and trading food and non-food products; and
iii) specialised in retail sale and e-commerce of cosmetic, personal care, household products, toiletries and others.

There has been no significant change in the nature of these activities during the financial year.

The Directors regard FGV Palm Industries Sdn. Bhd., Felda Holdings Berhad., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA"), as the immediate holding company, intermediate holding company, penultimate holding company and ultimate holding company, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur.

The address of the principal place of business is Level 2E, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur.

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policy in Note 3 to the financial statements.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

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

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on 'Lack of Exchangeability'

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group and Company.

Accounting pronouncements that are currently being assessed by the Group:

Effective annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

Effective annual periods beginning on or after 1 January 2027

- MFRS 18 'Presentation and Disclosures in Financial Statements'
- MFRS 19 'Subsidiaries without Public Accountability: Disclosures'

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

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3 MATERIAL ACCOUNTING POLICIES

The material 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) 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 transaction 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.

(b) Financial assets

Classification

The Company classifies its financial assets in the following categories:

(i) those to be measured subsequently at fair value through profit or loss; 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.

The Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

<u>Measurement</u>

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

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt as follows:

(i) 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.

(ii) FVTPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss in the period in which it arises.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment

(i) Impairment for debt instruments

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

The Company financial instruments that are subject to the ECL model are as follows:
- Receivables
- Loans and amounts due from intercompany

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 Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

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

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

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(i) Impairment for debt instruments (continued)

(b) Simplified approach for trade receivables and trade amounts due from intercompanies

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and trade amounts due from intercompanies.

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

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 Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

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

The Company 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 Company considers the following instances:

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

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

(iv) Groupings of instruments for ECL measurement

(a) Collective assessment

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

(i) Export sales
(ii) Local sales

(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 are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(v) Write-off

(a) Trade receivables

Trade receivables 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 Company.

Impairment losses on trade receivables 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 Company 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 Company 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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 derivatives in a loss position which are measured at fair value through profit or loss.

For financial liabilities other than 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 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) 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.

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 Company and the costs of the item can be measured reliably. The carrying amounts 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.

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 asset 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)
Building, structures and renovation	5 to 25
Plant and machinery	5 to 30
Motor vehicles	10 to 30
Office equipment, tools and other equipment	2 to 10

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Depreciation on property, plant and equipment ceases at the earlier of de-recognition 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 the carrying amount of the assets and are included in profit or loss.

At each statement of financial position date, the Company 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 material accounting policies Note 3(e) on impairment of non-financial assets.

(e) Impairment of non-financial assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 are reviewed for possible reversal of the impairment at each reporting date.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties

Investment properties, comprising principally buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Company.

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. Investment property is depreciated on a straight line basis to allocate the cost to their residual values over their estimated useful lives of 10 to 20 years.

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 Company 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 profit or loss.

At each statement of financial position date, the Company 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 material accounting policies Note 3(e) on impairment of non-financial assets.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

Inventories comprise of raw material and finished goods, stores, consumables and replaceable products.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods comprise raw materials cost, direct labour, other direct costs and related production overhead (based on normal operating capacity). Cost of raw materials, chemicals, store, consumables and replaceable products includes purchase costs and cost of bringing the inventories to their present location and condition. 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.

(h) Leases

The Company 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 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	20 to 99
Building, structure and renovation	3 to 20

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(a) ROU assets (continued)

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

At each statement of financial position date, the Company 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 material accounting policies Note 3(e) on impairment of non-financial assets.

(b) Lease liabilities

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

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date, if any;
- Amounts expected to be payable by the Company 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 Company 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 Company, 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 assets 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

(b) Lease liabilities (continued)

The Company 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 Company 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 Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 reassessment of the lease liabilities (refer to (d) below).

(d) Reassessment of lease liabilities

The Company 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.

A change in lease payments (including rent concession, other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(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 (to tailor the assets), 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.

The Company does 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Zakat

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

Zakat expense is determined based on the Company'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.

(j) Current and deferred income tax

Tax expenses for the financial 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.

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 and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(l) 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 Company 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.

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(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.

The Company operates 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 the fair value of plan, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(iii) Defined benefit plan (continued)

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the financial year in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

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

(iv) Termination benefits

The Company 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 Company has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements 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.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss.

Translation differences on non-monetary financial 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition

(i) Revenue from contracts with customers

The Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 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.

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 30 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Sales with a right of return

When the customer has a right to return the goods within a given period, the Company 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 Company 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.

Receivables 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 liability is the Company's obligation to transfer goods or services to customers. A contract liability is recognised when the Company has received the sales consideration in advance or payments exceed the services rendered or the Company has billed the customer.

Contract cost

The Company 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.

(ii) Revenue from other sources

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

(a) Rental income - recognised on a straight-line basis over the lease terms

Rental income related to rental of properties or premises are recognised over the period of tenancy or usage, as appropriate.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition (continued)

(ii) Revenue from other sources (continued)

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

(b) Finance income - 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).

(o) 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.

(p) Provisions

Provisions are recognised when:

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

Where the Company 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 recognised as finance cost.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management policies

The Company is exposed to market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial market on the Company's financial performance. The Company uses relevant financial instruments to hedge the risk of such commercial exposure. Such financial instruments are 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 Company's risk exposures.

<u>Market risk</u>

(i) Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to manage their foreign currency risk against their functional currency. The Company enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

A 5% strengthening/weakening of the USD against the Malaysian Ringgit at the statement of financial position date would have no impact to the Company's profit or loss as the outstanding receivables amounts are fully hedged.

(ii) Interest rate risk

The Company has minimal interest rate risk except for exposure arising from placement of fixed deposits and short term borrowings at fixed interest rate. As a result, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contracted obligations resulting in financial loss to the Company. Credit risk arises from sales made on deferred credit terms. Credit terms arising from export non-intercompany sales is made through letters of credit. For domestic sales, payment is made up front before delivery. Credit risk arising from intercompany sale is deemed low due to the intercompany relationship. The Company seeks to invest cash assets safely and profitably.

The Company adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk.

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

(a) Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables and trade amounts due from intercompany using simplified approach

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

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

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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables, loans and non-trade amounts due from intercompany

The Company uses three categories for other receivables, loans and non-trade amounts due from intercompany 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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

Category	Company'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 are 180 days past due or 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

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables, loans and non-trade amounts due from intercompany (continued)

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

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

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

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

Receivables, loans and amounts due from intercompany exposure are closely monitored and continuously followed up.

The 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations due to shortage of funds.

The Company maintains sufficient liquidity by closely monitoring its cash flows. Any surplus cash held over and above balance required for working capital management are invested in interest bearing current and fixed deposits with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by its projected cash flow.

The table below summaries the maturity profile of the 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:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RM	RM	RM	RM	RM
At 31 December 2024					
Payables (excluding employee related payable)	10,671,492	-	-	-	10,671,492
Amount due to immediate holding company	131,520	-	-	-	131,520
Amount due to penultimate holding company	129,167	-	-	-	129,167
Amounts due to other related companies	135,215,168	-	-	-	135,215,168
Short term borrowings	60,510,099	-	-	-	60,510,099
Lease liabilities	671,546	671,546	1,625,875	4,936,760	7,905,727
Total undiscounted financial liabilities	207,328,992	671,546	1,625,875	4,936,760	214,563,173

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RM	RM	RM	RM	RM
At 31 December 2023					
Payables (excluding employee related payable)	7,990,824	-	-	-	7,990,824
Amount due to immediate holding company	131,340	-	-	-	131,340
Amount due to penultimate holding company	532,642	-	-	-	532,642
Amounts due to other related companies	99,867,076	-	-	-	99,867,076
Short term borrowings	125,757,238	-	-	-	125,757,238
Lease liabilities	671,546	671,546	1,791,086	5,443,094	8,577,272
Total undiscounted financial liabilities	234,950,666	671,546	1,791,086	5,443,094	242,856,392

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Capital risk management policies

The Company's primary objectives on capital management policies are to safeguard the Company'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 Company considers its debts and total equity as capital and monitors capital using a gearing ratio, which is total debt divided by total equity. The Company considers its short term borrowings as debt.

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

	2024 RM	2023 RM
Short term borrowings	60,449,605	125,700,000
Total debt	60,449,605	125,700,000
Total equity	157,627,988	145,911,474
Total capital	218,077,593	271,611,474
Gearing ratio	38%	86%

(c) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value, requires disclosure of fair value measurements by level of 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).

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

The following table presents the Company's financial liabilities/ assets that are measured at fair value at 31 December 2024.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
Liabilities				
Financial liabilities at fair value through profit or loss:				
(i) Derivatives (Note 21)				
- foreign currency forward contracts	-	5,067	-	5,067
Total liabilities	-	5,067	-	5,067
2023				
Assets				
Financial assets at fair value through profit or loss:				
(i) Derivatives (Note 21)				
- foreign currency forward contracts	-	234,331	-	234,331
Total assets	-	234,331	-	234,331

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

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. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, unquoted equity securities) are 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.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Financial instrument in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company does not hold financial instruments that are included in Level 3.

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5 REVENUE

The Company derive the following types of revenue:

	2024 RM	2023 RM
Revenue from contracts with customers	1,518,043,933	1,102,625,925

Disaggregation of revenue from contracts with customers:

	2024 RM	2023 RM
Sale of crude palm kernel oil ("CPKO")	1,288,701,058	912,769,189
Sale of refined bleached deodorised palm kernel oil product ("RBDPKO")	51,444,270	11,728,132
Sale of palm kernel fatty acid distillate ("PKFAD")	1,730,839	68,416
Sale of palm kernel expeller ("PKE")	176,167,766	178,060,188
	1,518,043,933	1,102,625,925

	2024 RM	2023 RM
Timing of revenue recognition		
- at point in time	1,518,043,933	1,102,625,925

6 OTHER OPERATING INCOME

	2024 RM	2023 RM
Income from RSPO	5,384,857	751,100
Rental income	281,460	212,450
Income from sale of scrap goods	160,137	364,139
Insurance claim from insurer on oil spillage	-	1,758,312
Claim on oil spillage from customers	-	102,654
Claim on late extension charges from customers	-	270,321
Realised foreign currency exchange gains (net)	-	437,382
Unrealised foreign currency exchange gains (net)	105,698	15,179
Other income	36,846	31,669
	5,968,998	3,943,206

7 OTHER (LOSS)/GAIN – NET

	2024 RM	2023 RM
Foreign currency forward contracts		
- Realised fair value loss	(935,724)	-
- Unrealised fair value (loss)/gain (Note 21)	(239,398)	174,363
	(1,175,122)	174,363

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8 FINANCE INCOME AND FINANCE COSTS

	2024 RM	2023 RM
Finance income:		
- interest from loan due from a related company	1,606,793	2,448,344
- interest from FGV internal funding programme	2,333,483	2,483,579
- interest from financial institutions	2,408,285	1,351,710
Total finance income	6,348,561	6,283,633
Finance costs:		
- short term borrowings	(1,976,399)	(2,415,474)
- lease liabilities	(286,181)	(302,733)
Total finance costs	(2,262,580)	(2,718,207)
Net finance income and finance costs	4,085,981	3,565,426

9 PROFIT/(LOSS) BEFORE ZAKAT AND TAXATION

The following amounts have been charged/(credited) in arriving at profit/(loss) before zakat and taxation:

	2024 RM	2023 RM
Auditors' remuneration	78,500	76,700
Cost of raw materials and consumables used	1,410,721,936	1,023,180,979
Staff costs*	7,524,013	7,466,919
Property, plant and equipment:		
- depreciation	3,840,244	4,354,057
- write-offs	5,786	17,014
- impairment loss	-	7,181,259
Depreciation of investment properties	39,448	39,448
Depreciation of right-of-use assets	469,079	469,079
Short term rental	3,428,115	3,943,902
Management fees to penultimate holding company	5,459,639	5,199,656
Changes in provision for stock obsolescences	2,954,412	(662,140)
Chargeback commission on banker's acceptance	-	(950,086)
Commission fees to a related company	5,452,732	4,220,312
Freight charges	2,197,293	4,262,191
Net foreign currency exchange gain - unrealised	(105,698)	(15,179)
Net foreign currency exchange loss/(gain) – realised	757,247	(437,382)

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9 PROFIT/(LOSS) BEFORE ZAKAT AND TAXATION (CONTINUED)

	2024 RM	2023 RM
* Staff costs, excluding Directors' remuneration are analysed as follows:		
- wages, salaries and bonuses	6,260,879	6,196,420
- defined contribution plan	1,217,124	1,104,214
- defined benefit plan charge	46,010	166,285
	7,524,013	7,466,919

Staff costs included in cost of sales amounted to RM4,975,470 (2023: RM4,962,981).

10 DIRECTORS' REMUNERATION

	2024 RM	2023 RM
- Fees	90,000	-
- Other benefits	3,000	-
	93,000	-

11 ZAKAT

	2024 RM	2023 RM
Movement in zakat liability:		
At 1 January	-	-
Zakat expense	-	277,510
Zakat paid	-	(277,510)
At 31 December	-	-

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12 TAXATION

	2024 RM	2023 RM
Current tax		
- in respect of current financial year	3,239,461	954,114
- in respect of prior financial year	(954,114)	28,428
	2,285,347	982,542
Deferred tax (Note 25)		
- origination and reversal of temporary differences	2,141,186	(4,668,296)
Taxation	4,426,533	(3,685,754)

The numerical reconciliation of the relationship between taxation and profit/(loss) before taxation and after zakat are as follows:

	2024 RM	2023 RM
Profit/(loss) before taxation and after zakat	19,747,344	(12,219,614)
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	4,739,362	(2,932,707)
Tax effects of:		
- double deduction	(454,688)	(660,405)
- expenses not deductible for tax purposes	222,650	292,443
- income not subject to tax	-	(27,571)
- (over)/under provision in prior financial years	(954,114)	28,428
- temporary differences previously not recognised as deferred tax	873,323	(385,942)
Taxation	4,426,533	(3,685,754)

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13 DIVIDENDS

Dividends declared and paid are as follows:

	2024		2023	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	sen	RM	sen	RM
First interim single-tier dividend for the financial year ended 31 December 2024, declared on 7 March 2024, paid on 25 March 2024	15	3,600,000	-	-
First interim single-tier dividend for the financial year ended 31 December 2023, declared on 13 June 2023, paid on 7 July 2023	-	-	20	4,800,000
	15	3,600,000	20	4,800,000

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14 PROPERTY, PLANT AND EQUIPMENT

	Buildings, structures and renovation RM	Plant and machinery RM	Motor vehicles RM	Office equipment, tools and other equipment RM	Assets under construction RM	Total RM
2024						
Cost						
At 1 January 2024	39,589,782	102,784,969	1,187,057	2,006,917	1,196,830	146,765,555
Additions	719,213	4,496,389	494,110	14,400	87,400	5,811,512
Write-offs	-	(1,910,990)	(222,800)	(3,150)	-	(2,136,940)
Reclassification	-	544,230	-	-	(544,230)	-
At 31 December 2024	40,308,995	105,914,598	1,458,367	2,018,167	740,000	150,440,127
Accumulated depreciation						
At 1 January 2024	31,846,280	71,886,113	1,071,814	1,755,830	-	106,560,037
Charge for the financial year	785,860	2,861,372	81,544	111,468	-	3,840,244
Write-offs	-	(1,905,204)	(222,800)	(3,150)	-	(2,131,154)
At 31 December 2024	32,632,140	72,842,281	930,558	1,864,148	-	108,269,127

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings, structures and renovation RM	Plant and machinery RM	Motor vehicles RM	Office equipment, tools and other equipment RM	Assets under construction RM	Total RM
2024						
Accumulated impairment						
At 1 January and 31 December 2024	1,433,897	5,708,595	-	38,767	-	7,181,259
Net book value						
At 31 December 2024	6,242,958	27,363,722	527,809	115,252	740,000	34,989,741

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings, structures and renovation RM	Plant and machinery RM	Motor vehicles RM	Office equipment, tools and other equipment RM	Assets under construction RM	Total RM
2023						
Cost						
At 1 January 2023	37,951,144	99,345,983	1,338,457	1,925,195	544,230	141,105,009
Additions	1,638,638	4,375,443	-	81,722	652,600	6,748,403
Write-offs	-	(936,457)	(151,400)	-	-	(1,087,857)
At 31 December 2023	39,589,782	102,784,969	1,187,057	2,006,917	1,196,830	146,765,555
Accumulated depreciation						
At 1 January 2023	30,929,005	69,543,050	1,192,483	1,612,285	-	103,276,823
Charge for the financial year	917,275	3,262,506	30,731	143,545	-	4,354,057
Write-offs	-	(919,443)	(151,400)	-	-	(1,070,843)
At 31 December 2023	31,846,280	71,886,113	1,071,814	1,755,830	-	106,560,037

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings, structures and renovation RM	Plant and machinery RM	Motor vehicles RM	Office equipment, tools and other equipment RM	Assets under construction RM	Total RM
2023						
Accumulated impairment						
At 1 January 2023	-	-	-	-	-	-
Impairment loss	1,433,897	5,708,595	-	38,767	-	7,181,259
At 31 December 2023	1,433,897	5,708,595	-	38,767	-	7,181,259
Net book value						
At 31 December 2023	6,309,605	25,190,261	115,243	212,320	1,196,830	33,024,259

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant impairment of property, plant and equipment

In the previous financial year, certain mills in FGVKP were in loss making position due to the downward trend of selling price for palm kernel expeller ("PKE") and crude palm kernel oil ("CPKO"), and this has been identified as an indicator of impairment for these assets.

Based on the impairment assessment, one of the mill's recoverable amounts was RM719,000 resulting in impairment loss of RM7,181,259 for property, plant and equipment.

The recoverable amount was determined using value-in-use calculation based on cash flow projections. The key assumption used for the value-in-use calculation were as follows:

(i)	Estimated CPKO selling price (per MT)	RM3,079 - RM3,900
(ii)	Estimated PKE selling price	RM519 – RM618
(iii)	Utilisation capacity (%)	35%
(iv)	Utilisation capacity (MT)	66,000
(v)	Discount rate	10%

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15 RIGHT-OF-USE ASSETS

2024	Leasehold land RM	Building, structure and renovation RM	Total RM
Cost			
At 1 January 2024 and 31 December 2024	9,739,942	905,057	10,644,999
Accumulated depreciation			
At 1 January 2024	2,967,053	529,941	3,496,994
Charge for the financial year	368,517	100,562	469,079
At 31 December 2024	3,335,570	630,503	3,966,073
Net book value			
At 31 December 2024	6,404,372	274,554	6,678,926
2023			
Cost			
At 1 January 2023 and 31 December 2023	9,739,942	905,057	10,644,999
Accumulated depreciation			
At 1 January 2023	2,598,536	429,379	3,027,915
Charge for the financial year	368,517	100,562	469,079
At 31 December 2023	2,967,053	529,941	3,496,994
Net book value			
At 31 December 2023	6,772,889	375,116	7,148,005

The carrying amount of leasehold land arrangement with FELDA is RM1,599,839 (2023: RM1,644,455).

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16 INVESTMENT PROPERTIES

	Buildings RM
2024	
Cost	
At 1 January 2024	1,376,554
Additions	27,500
At 31 December 2024	1,404,054
Accumulated depreciation	
At 1 January 2024	1,021,524
Depreciation for the financial year	39,448
At 31 December 2024	1,060,972
Net book value	
At 31 December 2024	343,082
2023	
Cost	
At 1 January 2023 and 31 December 2023	1,376,554
Accumulated depreciation	
At 1 January 2023	982,076
Depreciation for the financial year	39,448
At 31 December 2023	1,021,524
Net book value	
At 31 December 2023	355,030

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16 INVESTMENT PROPERTIES (CONTINUED)

The following amounts have been recognised in profit or loss:

	2024 RM	2023 RM
Rental income	281,460	212,450

The fair value of the Company's investment properties at 31 December 2024 was RM10,555,000 (2023: RM9,850,000) based on independent valuation carried out by a registered professional valuer 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 – Company as a lessor

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

17 INVENTORIES

	2024 RM	2023 RM
At cost:		
Finished goods	122,072,886	107,066,569
Raw materials	12,186,140	6,276,784
Stores, consumables and replaceable products	847,210	733,597
	135,106,236	114,076,951
Provision for stock obsolescences	(3,507,998)	(553,586)
	131,598,238	113,523,364

The cost of inventories recognised as an expenses and included in cost of sales amounted to RM1,410,721,936 (2023: RM1,023,180,979).

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18 RECEIVABLES

	2024 RM	2023 RM
Trade receivables	4,583,980	44,636
Other receivables	25,433	752,516
Deposits	123,674	123,674
	4,733,087	920,826
Prepayments	250,705	229,708
	4,983,792	1,150,534

Receivables are denominated as follows:

	2024 RM	2023 RM
- Ringgit Malaysia	399,812	399,434
- United States Dollar	4,583,980	751,100
	4,983,792	1,150,534

Credit term of trade receivables is 30 days (2023: 30 days).

The fair values of the receivables approximate their carrying values, as the impact of discounting is not significant.

The impact of ECL on the receivables is deemed immaterial to the Company for the current and previous financial years.

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19 AMOUNTS DUE FROM/(TO) IMMEDIATE HOLDING COMPANY, PENULTIMATE HOLDING COMPANY AND OTHER RELATED COMPANIES

	2024 RM	2023 RM
Current assets		
Amounts due from:		
Other related companies	31,419,481	30,997,917
Current liabilities		
Amounts due to:		
Immediate holding company	131,520	131,340
Penultimate holding company	129,167	532,642
Other related companies	135,215,168	99,867,076
	135,475,855	100,531,058

Amounts due from other related companies are denominated in Ringgit Malaysia. These amounts are unsecured, interest free and have credit terms of 60 days (2023: 60 days) except for trade related transactions which have credit terms ranging from 15 to 30 days (2023: 15 to 30 days).

Amounts due to immediate, penultimate holding company and other related companies has credit terms of 15 to 30 days (2023: 15 to 30 days).

The impact of ECL on the intercompany receivables is deemed immaterial to the Company for the current and previous financial years.

20 LOAN DUE FROM OTHER RELATED COMPANY

	2024 RM	2023 RM
At 1 January	199,000,000	77,000,000
Addition	200,500,000	397,500,000
Repayment	(281,500,000)	(275,500,000)
At 31 December	118,000,000	199,000,000

Financing terms of loan due from other related company is 33 days (2023: 33 days) with average interest of 3.63% per annum (2023: 3.35%).

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21 DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	2024 RM	2023 RM
At 1 January	234,331	59,968
Fair value (loss)/gain to profit or loss (Note 7)	(239,398)	174,363
At 31 December	(5,067)	234,331

	2024		2023	
	Contract/ notional amount RM	Liabilities RM	Contract/ notional amount RM	Assets RM
Foreign currency forward contracts	881,187	(5,067)	14,980,914	234,331

The Company classifies derivative forward contracts as financial instruments at fair value through profit or loss. None of the derivatives are designated as hedges as the Company did not apply hedge accounting during the financial year.

The notional amount of contracts outstanding are as follows:

	2024 USD	2023 USD
Foreign currency forward contracts	198,689	3,223,297

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22 DEPOSITS, CASH AND BANK BALANCES

	2024 RM	2023 RM
Deposits with licensed banks	53,960,000	9,060,000
Cash and bank balances	4,188,230	4,405,675
Deposits, cash and bank balances	58,148,230	13,465,675
Less: Pledged deposits	(60,000)	(60,000)
Cash and cash equivalents	58,088,230	13,405,675

All balances are denominated in Ringgit Malaysia.

The weighted average interest rates of fixed deposits that were effective at the financial year end are as follows:

	2024 per annum %	2023 per annum %
Deposits with licensed banks	3.15	2.95

Fixed deposits as at 31 December 2024 for the Company have an average maturity period of 7 days (2023: 4 days). Bank balances are deposits held at call with banks and earn no interest.

Fixed deposits amounting to RM60,000 (2023:RM60,000) are pledged to a licensed bank for banking facilities obtained.

23 SHARE CAPITAL

	2024 Number of shares	2023 Number of shares	2024 RM	2023 RM
Issued and fully paid up:				
Ordinary shares at no par value				
At 1 January/31 December	24,000,000	24,000,000	41,814,534	41,814,534

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24 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates a defined benefit retirement plan in Malaysia for all eligible employees. The plans relate to lump sum payment depending on members' length of service and their salary in the final years leading up to retirement. As the retirement plans are unfunded, the Company meets the defined benefit payment obligations as they fall due.

	2024 RM	2023 RM
Retirement benefit plan	298,310	298,141
Long service award	154,127	149,849
Non-current	452,437	447,990

The movements during the financial year and the amounts recognised in the statement of financial position of the Company are as follows:

	2024 RM	2023 RM
At 1 January	447,990	318,590
Charged to profit or loss (Note 9)	46,010	166,285
Benefits paid	(45,860)	(39,350)
Charged in other comprehensive loss	4,297	2,465
At 31 December	452,437	447,990

The amounts recognised in the statement of financial position are determined as follows:

	2024 RM	2023 RM
Present value of unfunded obligations	452,437	447,990

The amounts recognised in profit or loss are as follows:

	2024	2023
Current service cost	22,677	19,192
Interest cost	19,839	20,705
Past service cost	-	119,650
Remeasurement	3,494	6,738
Charge recognised in profit or loss	46,010	166,285

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24 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in other comprehensive loss are as follows:

	2024 RM	2023 RM
Changes in financial assumption	6,326	13,971
Experience adjustment	(2,387)	(11,939)
Others	358	433
Charge recognised in other comprehensive loss	4,297	2,465

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

	2024 %	2023 %
Discount rate	4.40	4.70
Expected rate of salary increase	5.00	5.00

The sensitivity of the defined benefit obligation to changes in the principal assumptions are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption RM	Decrease in assumption RM
Discount rate	1%	(20,070)	23,242
Salary growth rate	1%	6,837	(7,524)

The above sensitivity analyses 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 did not change compared to the previous financial year.

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24 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The weighted average duration of the defined benefit obligations is 13 years (2023: 12 years).

Expected maturity analysis of undiscounted defined benefit obligations:

	Less than a year RM	Between 1 – 2 years RM	Between 2 – 5 years RM	Over 5 years RM	Total RM
Provision for defined benefit plan					
At 31 December 2024	35,753	23,533	120,742	638,328	818,356
At 31 December 2023	30,240	35,657	111,462	638,046	815,405

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

25 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:

The analysis of deferred taxation is as follows:

	2024 RM	2023 RM
Subject to income tax:		
- Deferred tax liabilities	2,199,943	58,757
At 1 January	58,757	4,727,053
Credited/(Charged) to profit or loss (Note 12):		
- property, plant and equipment	268,498	(1,893,118)
- provisions	(976,495)	211,636
- rights-of-use assets	1,218,981	-
- lease liabilities	(1,356,612)	-
- unused tax losses	961,128	(961,128)
- unabsorbed capital allowances	2,025,686	(2,025,686)
	2,141,186	(4,668,296)
At 31 December	2,199,943	58,757
Deferred tax assets (before offsetting)		
- provisions	(1,308,841)	(332,347)
- lease liabilities	(1,356,612)	-
- unused tax losses	-	(961,128)
- unabsorbed capital allowances	-	(2,025,686)
	(2,665,453)	(3,319,160)
Offsetting	2,665,453	3,319,160
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	3,646,415	3,377,917
- rights-of-use assets	1,218,981	-
	4,865,396	3,377,917
Offsetting	(2,665,453)	(3,319,160)
Deferred tax liabilities (after offsetting)	2,199,943	58,757

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

26 PAYABLES

	2024 RM	2023 RM
Trade payables	14,861	451
Other payables and accruals	10,692,922	7,990,824
	10,707,783	7,991,275

All payables are denominated in Ringgit Malaysia.

Credit terms of trade payables is up to 30 days (2023: up to 30 days).

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

Employee related payables included in payable amounted to RM205,000 (2023: RM159,128) for the financial year.

27 CONTRACT LIABILITIES

	2024 RM	2023 RM
Contract liabilities		
At 1 January	15,886,820	7,970,953
Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year	(15,886,820)	(7,970,953)
Cash received	13,700,781	15,886,820
At 31 December	13,700,781	15,886,820

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:

	2024 RM	2023 RM
Revenue recognised that was included in the contract liability balance at the beginning of the financial year:		
- Sale of crude palm kernel oil ("CPKO")	14,412,807	7,573,674
- Sale of palm kernel expeller ("PKE")	1,474,013	397,279
	15,886,820	7,970,953

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

27 CONTRACT LIABILITIES (CONTINUED)

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 Company expects to recognise is RM13,700,781 (2023: RM15,886,820).

28 SHORT TERM BORROWINGS

	2024 RM	2023 RM
Unsecured		
Bankers' acceptances	60,449,605	125,700,000

All short term borrowings are denominated in Ringgit Malaysia.

The effective finance rate at date of statement of financial position per annum is as follows:

	Contractual interest rates	
	2024 %	2023 %
Bankers' acceptances	3.95	3.67

The fair value of short-term borrowings approximates their carrying amount, as the impact of discounting is not significant.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 LEASE LIABILITIES

	2024 RM	2023 RM
At 1 January	5,995,719	6,354,816
Interest accretion	286,181	302,733
Repayments	(629,351)	(661,830)
At 31 December	5,652,549	5,995,719
- Non current	5,244,133	5,647,352
- Current	408,416	348,367
	5,652,549	5,995,719

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

	2024 RM	2023 RM
Payments of lease liabilities	629,351	661,830
Short term rental	3,428,115	3,943,902
	4,057,466	4,605,732

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30 CATEGORY OF FINANCIAL INSTRUMENTS

	31 December 2024 Financial assets at amortised costs RM
Assets as per statement of financial position	
Receivables (excluding prepayments)	4,838,786
Amounts due from other related companies	31,419,481
Loan due from other related company	118,000,000
Deposits, cash and bank balances	58,148,230
Total	212,406,497

	Financial liabilities at fair value through profit or loss RM	Other financial liabilities at amortised cost RM	Total RM
Liabilities as per statement of financial position			
Payables (excluding employee related payable)	-	10,502,783	10,502,783
Amount due to immediate holding company	-	131,520	131,520
Amount due to penultimate holding company	-	129,167	129,167
Amounts due to other related companies	-	135,215,168	135,215,168
Short term borrowings	-	60,449,605	60,449,605
Lease liabilities	-	5,652,549	5,652,549
Derivatives	5,067	-	5,067
Total	5,067	201,578,009	201,583,076

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30 CATEGORY OF FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2023		
	Amortised cost	Financial assets at fair value through profit or loss	Total
	RM	RM	RM
Assets as per statement of financial position			
Receivables (excluding prepayments)	920,826	-	920,826
Amounts due from other related companies	30,997,917	-	30,997,917
Loan due from other related company	199,000,000	-	199,000,000
Deposits, cash and bank balances	13,525,675	-	13,525,675
Derivatives	-	234,331	234,331
Total	244,444,418	234,331	244,678,749

	Other financial liabilities at amortised cost
	RM
Liabilities as per statement of financial position	
Payables (excluding employee related payable)	7,832,147
Amount due to immediate holding company	131,340
Amount due to penultimate holding company	532,642
Amounts due to other related companies	99,867,076
Short term borrowings	125,700,000
Lease liabilities	5,995,719
Total	232,226,777

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate holding is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Company has 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; and
(ii) Placing of bank deposits with government-related financial institutions

Related parties	Relationship
FGV Holdings Berhad ("FGVH")	Penultimate holding company
FGV Palm Industries Sdn. Bhd. ("FGVPISB")	Immediate holding company
Federal Land Development Authority ("FELDA")	Ultimate holding company
FGV Capital Sdn. Bhd. ("FGVC")	Subsidiary of FGVH
FGV Shared Services Centre Sdn. Bhd. ("FGVSSC")	Subsidiary of FGVH
FGV Trading Sdn. Bhd. ("FGVT")	Subsidiary of FGVH
FGV Iffco Sdn. Bhd. ("FISB")	Joint venture of FGVH
Felda Travel Sdn. Bhd. ("Felda Travel")	Subsidiary of FGVH
FGV Transport Services Sdn. Bhd. ("FGVTSSB")	Subsidiary of FGVH
FGV Security Services Sdn. Bhd. ("FGVSSSB")	Subsidiary of FGVH
FGV Prodata Systems Sdn. Bhd. ("FGVPSSB")	Subsidiary of FGVH
FGV Johor Bulkers Sdn. Bhd. ("FGVJB")	Subsidiary of FGVH
FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPMSB")	Subsidiary of FGVH
FPG Oleochemicals Sdn. Bhd. ("FPG")	Joint venture of FGVH
FGV Bulkers Sdn. Bhd. ("FGVBSB")	Subsidiary of FGVH
FGV Grain Terminal Sdn. Bhd. ("FGVGTSB")	Subsidiary of FGVH
FGV Refineries Sdn. Bhd. ("FGVRSB")	Subsidiary of FGVH
Delima Oil Products Sdn. Bhd. ("DOPSB")	Subsidiary of FGVH
FGV Marketing Services Sdn. Bhd. ("FGVMSSB")	Subsidiary of FGVH
FGV Integrated Farming Holdings Sdn. Bhd. ("FGVIF")	Subsidiary of FGVH
FGV R&D Sdn. Bhd. ("FGVR&D")	Subsidiary of FGVH
Koperasi Permodalan Felda Malaysia Berhad ("KPF")	Shareholder

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below other significant related party transactions.

(a) Sales of goods and services

	2024 RM	2023 RM
Sales of goods:		
- FGVIF	2,014,927	3,972,317
- DOPSB	7,559,363	3,287,986
- FISB	217,657,262	175,368,897
- FPG	123,454,204	-
Interest income:		
- FGVC	3,940,276	4,931,923

(b) Purchases of goods and services

	2024 RM	2023 RM
Purchases of services:		
- FGVTSSB	11,126,081	9,883,641
- FGVMSSB	5,452,732	4,050,312
- FGVBSB	3,668,685	3,310,813
- FGVGTSB	1,481,962	1,365,197
- FGVPISB	1,779,600	1,157,510
- FGVJB	575,576	1,022,329
- FGVSSSB	962,897	935,341
- FGVPSSB	449,941	534,962
- FISB	464,140	506,334
- FELDA	-	340,396
- FGVPMSB	174,279	-
- FGVR&D	538,815	144,878
- Felda Travel	185,554	138,783
- FGVSSC	107,003	115,269
- FGVRSB	552,676	82,370

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NOTES TO THE FINANCIAL STATEMENTS
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31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Purchases of goods and services (continued)

	2024 RM	2023 RM
Purchases of goods:		
- FGVT	1,406,629,245	1,027,360,584
- FISB	15,065,489	8,047,133
Management fees charged by FGVH	5,459,639	5,199,656

(c) Dividend paid

Dividend paid:		
- FGVPISB	3,000,000	4,000,000
- KPF	600,000	800,000

(d) Key management compensation

Key management personnel comprises of Directors, Chief Executive Officer and General Managers, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

	2024 RM	2023 RM
Directors' fees	90,000	-
Salaries	680,266	558,290
Other short-term employee benefits	3,000	-

32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2025.

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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FGV REFINERIES SDN. BHD.
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Raymond Lee Wai Chun
Sulong Jamil Bin Mohamed Shariff
Zulkifli Bin Othman
Mohamad Azam Bin Si Rajab
Siti Zaroha Nasharuddin (Appointed on 26 December 2024)
Razuwan Bin Che Rose (Resigned on 26 December 2024)

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of crude palm oil and palm kernel processing services to related companies. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	17,011

DIVIDENDS

No dividends has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

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

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DIRECTORS' REPORT (CONTINUED)

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 by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which he is a member, or with a company in which he 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 subsidiary or its holding companies or subsidiaries of the holding companies during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premium paid during the financial year and during the period from the end of the financial year to the date of the report, for any person who is or has been the Director, and Officers of the Company.

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024 RM'000
Auditor's remuneration	64

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024 RM'000
Directors' remuneration:	
- Fees	90

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FGV REFINERIES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of 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 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 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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this due report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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FGV REFINERIES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

IMMEDIATE, INTERMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES/BODY

The Directors regard FGV Palm Industries Sdn. Bhd., Felda Holdings Berhad., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate holding company, intermediate holding company, penultimate holding company and ultimate holding body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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 25 April 2025. Signed on behalf of the Board of Directors:

ZULKIFLI BIN OTHMAN
DIRECTOR

RAYMOND LEE WAI CHUN
DIRECTOR

Kuala Lumpur

Registration No.

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FGV REFINERIES SDN. BHD.
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STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Zulkifli Bin Othman and Raymond Lee Wai Chun, two of the Directors of FGV Refineries Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 62 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance and cash flows of the Company for the financial year ended on that date in accordance with the 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 25 April 2025:

ZULKIFLI BIN OTHMAN
DIRECTOR

RAYMOND LEE WAI CHUN
DIRECTOR

Kuala Lumpur

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

I, Zulkifli Bin Othman, the Director primarily responsible for the financial management of FGV Refineries Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 62 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.

ZULKIFLI BIN OTHMAN

Subscribed and solemnly declared by the abovenamed Zulkifli bin Othman in Kuala Lumpur on 25 April 2025, before me.

PESURUHJAYA SUMPAH
W1015
SHAHRIZAL NASRUL
01.03.2023 - 31.12.2025
MALAYSIA

COMMISSIONER FOR OATHS

NO. 86, JALAN PUTRA,
50350 KUALA LUMPUR

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV REFINERIES SDN. BHD.

(Incorporated in Malaysia)
Registration No. 199501024725 (353930-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Refineries Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 62.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV REFINERIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024725 (353930-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV REFINERIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024725 (353930-K)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV REFINERIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024725 (353930-K)

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	KHAIRUL AZHAR BIN NORHAN
LLP0014401-LCA & AF 1146	03750/06/2025 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
25 April 2025

Registration No.
199501024725 (353930-K)

FGV REFINERIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Revenue	5	133,372	112,373
Cost of sales		(105,157)	(89,485)
Gross profit		28,215	22,888
Other operating income	6	4,527	2,268
Impairment of assets held for sale (net)	7	-	(2,367)
Administrative expenses		(15,534)	(14,002)
Other operating expenses		(11)	(106)
Operating profit	8	17,197	8,681
Finance income	10	216	626
Finance costs	10	(5,181)	(5,535)
Profit before zakat and taxation		12,232	3,772
Zakat	11	(88)	(84)
Taxation	12	4,867	(263)
Net profit for the financial year		17,011	3,425
Other comprehensive loss, net of tax:			
Item that will not be reclassified to profit or loss			
Actuarial loss on defined benefit plan	23	(16)	(11)
Total comprehensive income for the financial year		16,995	3,414

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	120,101	111,958
Right-of-use assets	14	4,725	5,180
Investment property	15	320	359
Deferred tax assets	16	5,014	-
		130,160	117,497
Current assets			
Inventories	17	2,126	2,111
Receivables	18	898	791
Amounts due from other related companies	19	9,136	10,545
Loan due from other related company	20	-	5,000
Tax recoverable		89	98
Deposits, cash and bank balances	21	7,411	6,106
		19,660	24,651
Total assets		149,820	142,148

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES			
Capital and reserve			
Share capital	22	97,034	97,034
Accumulated losses		(83,348)	(100,343)
Total equity/(Shareholders' deficit)		13,686	(3,309)
Non-current liabilities			
Provision for defined benefit plan	23	697	686
Lease liabilities	24	4,297	5,055
		4,994	5,741
Current liabilities			
Payables	25	17,098	13,208
Lease liabilities	24	758	655
Loan due to other related company	20	112,700	124,700
Amount due to penultimate holding company	19	314	498
Amount due to immediate holding company	19	19	243
Amounts due to other related companies	19	251	412
		131,140	139,716
Total liabilities		136,134	145,457
Total equity and liabilities		149,820	142,148

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000	Accumulated losses RM'000	Total equity/ (Shareholders' deficit) RM'000
2024			
At 1 January 2024	97,034	(100,343)	(3,309)
Net profit for the financial year	-	17,011	17,011
Other comprehensive loss, net of tax:			
Item that will not be reclassified to profit or loss			
Actuarial loss on defined benefit plan	-	(16)	(16)
Total comprehensive income for the financial year	-	16,995	16,995
At 31 December 2024	97,034	(83,348)	13,686
2023			
At 1 January 2023	97,034	(103,757)	(6,723)
Net profit for the financial year	-	3,425	3,425
Other comprehensive loss, net of tax:			
Item that will not be reclassified to profit or loss			
Actuarial loss on defined benefit plan	-	(11)	(11)
Total comprehensive income for the financial year	-	3,414	3,414
At 31 December 2023	97,034	(100,343)	(3,309)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	17,011	3,425
Adjustments for:		
Taxation	(4,867)	263
Zakat	88	84
Property, plant and equipment:		
- depreciation	12,030	11,453
- write-offs	4	78
Assets held for sale:		
- impairment loss	-	2,367
Depreciation of investment property	39	39
Depreciation of right-of-use assets	455	455
Finance cost	5,181	5,587
Finance income	(216)	(626)
Defined benefit plan charge	76	283
Reversal of provision for inventory write down	-	(2)
Operating profit before working capital changes	29,801	23,406
Working capital changes:		
Inventories	(15)	420
Receivables	(107)	16
Payables	3,890	(2,646)
Intercompany	840	(649)
Cash generated from operations	34,409	20,547
Zakat paid	(88)	(84)
Finance costs paid	(34)	(91)
Tax paid	(138)	(314)
Retirement benefits paid	(81)	(77)
Net cash generated from operating activities	34,068	19,981

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,152)	(22,797)
Loan repayment by other related company	5,000	15,100
Finance income received	216	626
Net cash used in investing activities	(14,936)	(7,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	-	(913)
Payment of principal on lease liabilities	(655)	-
Payment of interest on lease liabilities	(262)	-
Finance cost paid on loan due to other related company	(4,910)	(5,203)
Repayment of loan due to other related company	(12,000)	(12,000)
Net cash used in financing activities	(17,827)	(18,116)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,305	(5,206)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	6,106	11,312
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 21)	7,411	6,106

NOTES TO THE STATEMENT OF CASH FLOWS

The principal non-cash transactions during the financial year are as follows:

(a) Purchases of property, plant and equipment

	2024 RM'000	2023 RM'000
Aggregate cost of property, plant and equipment	20,177	22,849
Capitalisation of borrowing cost (Note 10)	(25)	(52)
Total cash paid during the financial year	20,152	22,797

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

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

		Cash-flows		Non-cash changes	
	At 1 January RM'000	Principal repayments RM'000	Interest paid RM'000	Interest accretion RM'000	At 31 December RM'000
2024					
Loan due to other related company	124,700	(12,000)	(4,910)	4,910	112,700
Lease liabilities	5,710	(655)	(262)	262	5,055
	130,410	(12,655)	(5,172)	5,172	117,755
2023					
Loan due to other related company	136,700	(12,000)	(5,203)	5,203	124,700
Lease liabilities	6,330	(620)	(293)	293	5,710
	143,030	(12,620)	(5,496)	5,496	130,410

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur. The principal place of business of the Company is located at Level 8W, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur.

The principal activities of the Company are the provision of crude palm oil and palm kernel processing services to related companies. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard FGV Palm Industries Sdn Bhd ("FGVPI"), Felda Holdings Berhad ("FHB"), FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate holding company, intermediate holding company, penultimate holding company and ultimate holding body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies in Note 3 to the financial statements.

As at 31 December 2024, Company was in net current liabilities position of RM111,480,000. The preparation of the Company's financial statements on the going concern basis is dependent on financial support from its penultimate holding company. The penultimate holding company, FGVH, has confirmed its intention to provide continuing financial support as and when necessary to enable the Company to meet its liabilities as they fall due. Therefore, the Directors consider that it is appropriate to prepare the financial statements of the Company on the going concern basis based on the financial support provided by the penultimate holding company as disclosed in Note 29 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 judgements in the process of applying the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. There are no area involving a higher degree of judgements or complexity, or area where assumptions and estimates are significant to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(i) Accounting pronouncements that are effective and have been adopted by the Company:

The Company has applied the following accounting pronouncements for the first time for the financial year on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current'('2020 amendments') and 'Non-current Liabilities with Covenants' ('2022 amendments')
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

(ii) Accounting pronouncements that are effective after 1 January 2024 and have not been early adopted by the Company:

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2024. The Company has not early adopted these new standards and amendments. None of these is expected to have a significant effect on the financial statements of the Company, except for the following set out below:

<u>Effective annual periods beginning on or after 1 January 2027</u>

- MFRS 18 'Presentation and Disclosure in Financial Statements' which aims to enhance the financial reporting quality and replaces MFRS 101 'Presentation of Financial Statements'. The new standard introduces a new structure of profit or loss statement whereby income and expenses are classified into 3 new main categories:
  i. Operating category which typically includes results from the main business activities
  ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  iii. Financing category that presents income and expenses from financing liabilities (such as bank borrowings and lease liabilities)

  The standard also requires the entity to present specific totals and subtotals in the statement of profit or loss, specifies the disclosure of management-defined performance measures as well as the aggregation and disaggregation of information in the financial statements and accompanying notes.

  MFRS 18 will be applied retrospectively. The Company is currently assessing the financial impact that may arise from the adoption of the above amendments to published standards.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(ii) Accounting pronouncements that are effective after 1 January 2024 and have not been early adopted by the Company: (continued)

The following accounting pronouncements are currently being assessed by the Company and are not expected to have any significant impact on the financial statements of the Company.

Effective annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on 'Lack of Exchangeability'

Effective annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 & 7 on Amendments to Classification and Measurement of Financial Instruments

Effective annual periods beginning on or after 1 January 2027

- MFRS 19 'Subsidiary without Public Accountability: Disclosures'

3 MATERIAL ACCOUNTING POLICIES

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

(a) Financial assets

Classification

The Company classifies its financial assets 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.

The Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

<u>Measurement</u>

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments, as follows:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") 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.

<u>Impairment</u>

(i) Impairment for debt instruments

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

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

- Receivables
- Loans and amounts due from intercompany

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 Company expect to receive, over the remaining life of the financial instrument.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(i) Impairment for debt instruments (continued)

The measurement of ECL reflects:

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

a) General 3-stage approach for other receivables, loans due from intercompany

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months 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.

b) Simplified approach for trade amounts due from intercompany.

The Company applies the simplified approach to measure ECL which uses a lifetime ECL for trade amounts due from intercompany.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(ii) Significant increase in credit risk

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

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

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

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

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

(iv) Groupings of instruments for ECL measurement

a) Individual assessment

Trade amount due from intercompany which are in default or credit-impaired are assessed individually.

Other receivables are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

(v) Write-off

a) Trade amount due from intercompany

Trade amount due from intercompany 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 Company.

Impairment losses on trade amount due from intercompany 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 Company 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 Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(b) Impairment of non-financial assets

Property, plant and equipment and other non-current non-financial assets, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Impairment of non-financial assets (continued)

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 asset except goodwill, are reviewed for possible reversal of impairment at each reporting date.

(c) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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 derivatives in a loss position which are measured at fair value through profit or loss.

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

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

General and specific 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) 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.

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 Company and the costs of the item can be measured reliably. The carrying amounts 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.

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	10 to 50
Plant and machinery	5 to 30
Tanks and pipelines	10 to 20
Motor vehicles	5 to 20
Office equipment	2 to 10
Other equipment	3 to 30

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

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

At each statement of financial position date, the Company 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 material accounting policies Note 3(b) on impairment of non-financial assets.

(e) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Company. 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. Buildings are depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives of 5 to 23 years.

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 Company 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 profit or loss.

At each statement of financial position date, the Company 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 material accounting policies Note 3(b) on impairment of non-financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs.

Cost of consumable stores includes purchase costs and cost of bringing the inventories to their present location and condition. 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.

(g) Zakat

The Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Company 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 Company 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 Company's financial results for the financial year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

(h) 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.

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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Current and deferred income tax (continued)

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 Company 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.

(i) Non-current assets and disposal group held for sale ("AHFS")

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 Company'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.

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. 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 Company not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition

(i) Revenue from contracts with customers

The Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers for tolling processing services are measured at its transaction price, being the amount of consideration which the Company 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 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.

Revenue is recognised in the accounting period in which the services are performed, by reference to the completion of the specific services because the customers receive and use the benefits simultaneously. Revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition (continued)

(ii) Rental income

Rental income related to rental of properties are recognised over the period of tenancy or usage, as appropriate.

(iii) Finance income

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).

(k) Deposits, cash and bank balances

Deposits, cash and bank balances includes cash in hand, deposit held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(l) Leases

The Company 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 Company.

(i) 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

The Company as a lessee (continued)

(i) ROU assets (continued)

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 lands	40 to 99
Buildings, structures and renovations	10 to 50

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

At each statement of financial position date, the Company 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 material accounting policies Note 3(b) on impairment of non-financial assets.

(ii) 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 Company 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 Company, 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 assets in a similar economic environment with similar term, security and conditions.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

The Company as a lessee (continued)

(ii) Lease liabilities (continued)

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 Company 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 profit or loss.

(iii) Lease term

In determining the lease term, the Company 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 Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 Note (iv) below).

(iv) Reassessment of lease liabilities

The Company 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.

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

The Company as a lessee (continued)

(v) 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-equipment, office furniture 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.

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

The Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Operating leases

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

(m) 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company 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.

The Company operates 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 Company 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 financial period in which they arise.

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

(iv) Termination benefits

The Company 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 Company has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) 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 transaction 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.

(o) Provisions

Provisions are recognised when the Company 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.

Where the Company expects a provision to be reimbursed by another party, 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 might be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a 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 finance cost expense.

(p) Contingent liabilities

The Company 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 Company 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management policies

The Company is exposed to market risk (including interest rate risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

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 Company's risk exposures.

Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from borrowings with related companies and fixed deposits with financial institutions.

All of the Company's borrowings are short term and have an option to rollover every month with related companies. Accordingly, the Company has a minimum interest rate exposure risk arising from these borrowings.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to from outstanding receivables. The Company adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, to mitigate credit risk.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade amounts due from intercompany using simplified approach

The Company applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade amount due from intercompany.

(ii) Other receivables using general 3-stage approach

The Company 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). The three categories are also applied to trade receivables and contracts assets when the Company performs specific assessment for these balances instead of the simplified approach above. 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

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

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

Category	Company'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 are 180 days past due or 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

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables using general 3-stage approach (continued)

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

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

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

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

Receivables and amounts due from intercompany exposure are closely monitored and continuously followed up.

The 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk

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

As at the statement of financial position date, the remaining contractual maturity periods for the Company's financial liabilities are within a period less than 1 year, except for lease liabilities. The table below summaries the maturity profile and contractual undiscounted cash flows of lease liabilities based on the remaining maturity periods at the statement of financial position date:

	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 2024					
Payables *(excluded employee related payable)*	14,895	-	-	-	14,895
Lease liabilities	913	917	2,941	9,214	13,985
Loan due to other related company	112,700	-	-	-	112,700
Amount due to penultimate holding company	314	-	-	-	314
Amount due to immediate holding company	19	-	-	-	19
Amounts due to other related companies	251	-	-	-	251
Total undiscounted financial liabilities	129,092	917	2,941	9,214	142,164

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

	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 2023					
Payables*	13,208	-	-	-	13,208
Lease liabilities	917	986	2,157	9,012	13,072
Loan due to other related company	124,700	-	-	-	124,700
Amount due to penultimate holding company	498	-	-	-	498
Amount due to immediate holding company	243	-	-	-	243
Amounts due to other related companies	412	-	-	-	412
Total undiscounted financial liabilities	139,978	986	2,157	9,012	152,133

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Capital risk management policies

The Company's primary objectives on capital management policies are to safeguard the Company'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 Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2024 and 31 December 2023.

The Company monitors capital using a gearing ratio, which is total debt divided by total equity. The Company includes loan due to intercompany within its total debt. Total equity includes share capital and accumulated loss.

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

	2024 RM'000	2023 RM'000
Total debt	112,700	124,700
Total shareholder's funds/(deficit)	13,686	(3,309)
Gearing ratio (times)	8.2	(37.7)

The Company's loan is short term with the option to rollover with the related company.

5 REVENUE

The Company derive the following type of revenue:

	2024 RM'000	2023 RM'000
Revenue from contracts with customers:		
Crude palm oil and palm kernel processing services	133,372	112,373
Timing of revenue recognition: - over time	133,372	112,373

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6 OTHER OPERATING INCOME

	2024 RM'000	2023 RM'000
Sales of plant waste	2,104	1,208
Sales of iron/metal scrap	959	199
Rental of land and buildings	374	354
Reimbursements of insurances	825	97
Others	265	410
	4,527	2,268

7 IMPAIRMENT OF ASSETS HELD FOR SALE, (NET)

	2024 RM'000	2023 RM'000
Impairment of assets held for sale	-	2,367

8 OPERATING PROFIT

The following amounts have been charged/(credited) in arriving at operating profit:

	2024 RM'000	2023 RM'000
Auditors' remuneration	64	63
Property, plant and equipment		
- depreciation	12,030	11,453
- write-offs	4	78
Depreciation of investment property	39	39
Depreciation of right-of-use assets	455	455
Processing cost	68,766	55,450
Management fees to penultimate holding company	2,692	2,564
Rental of low value assets	128	116
Rental of other equipment (service contract)	28	24
Repairs and maintenance costs	11,369	10,160
Staff costs *	16,632	14,990
Realised foreign currency exchange loss (net)	3	13
Reversal of provision for inventory write down	-	(2)

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8 OPERATING PROFIT (CONTINUED)

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

	2024 RM'000	2023 RM'000
Wages, salaries and bonuses	12,606	10,902
Defined contribution plan	1,955	1,678
Defined benefit plan (Note 23)	76	283
Voluntary Early Retirement Scheme	(110)	205
Other employee benefits	2,105	1,922
	16,632	14,990

Staff costs included in cost of sales amounted to RM12,537,000 (2023: RM12,013,000).

9 DIRECTORS' REMUNERATION

	2024 RM'000	2023 RM'000
Fees	90	88

10 FINANCE INCOME AND FINANCE COSTS

	2024 RM'000	2023 RM'000
Finance income:		
- from loan due from other related company	64	569
- from financial institutions	152	57
Total finance income	216	626
Finance costs:		
- loan due to other related company	(4,910)	(5,203)
- lease liabilities	(262)	(293)
- others	(34)	(91)
	(5,206)	(5,587)
Less: Borrowing costs capitalised	25	52
Total finance costs	(5,181)	(5,535)
Net	(4,965)	(4,909)

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11 ZAKAT

	2024 RM'000	2023 RM'000
Movement of zakat liability:		
At beginning of financial year	-	-
Current financial year's zakat expense	88	84
Zakat paid	(88)	(84)
At end of financial year	-	-

12 TAXATION

	2024 RM'000	2023 RM'000
Malaysian corporate tax		
- in respect of current financial year	126	229
- in respect of prior financial year	21	34
	147	263
Deferred tax (Note 16)	(5,014)	-
Taxation	(4,867)	263

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

	2024 RM'000	2023 RM'000
Profit before taxation after zakat	12,144	3,688
Tax calculated at Malaysian tax rate of 24% (2023: 24%)	2,915	885
Tax effect of:		
- expenses not deductible for tax purposes	319	457
- expenses entitled for double deductions	(10)	(10)
- under provision of tax in respect of prior financial year	21	34
- utilisation of previously unrecognised deductible temporary differences	(3,098)	(1,103)
- deferred tax assets recognised in respect of previously unrecognised tax losses	(5,014)	-
Taxation	(4,867)	263

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13 PROPERTY, PLANT AND EQUIPMENT

	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Tanks and pipelines RM'000	Motor vehicles RM'000	Office equipment RM'000	Other equipment RM'000	Work in progress RM'000	Total RM'000
2024								
Cost								
At 1 January 2024	55,002	224,099	57,871	1,193	1,921	2,008	23,076	365,170
Additions	1,044	5,328	577	432	224	77	12,495	20,177
Write-offs	-	(7)	-	-	(11)	(38)	-	(56)
Reclassification	1,482	26,579	-	-	-	-	(28,061)	-
As at 31 December 2024	57,528	255,999	58,448	1,625	2,134	2,047	7,510	385,291
Accumulated depreciation								
At 1 January 2024	(33,239)	(138,321)	(40,587)	(1,074)	(1,538)	(1,416)	-	(216,175)
Charge for the financial year	(1,490)	(9,058)	(1,239)	(35)	(93)	(115)	-	(12,030)
Write-offs	-	4	-	-	10	38	-	52
At 31 December 2024	(34,729)	(147,375)	(41,826)	(1,109)	(1,621)	(1,493)	-	(228,153)
Accumulated impairment loss								
At 1 January 2024 / 31 December 2024	(2,394)	(33,007)	(1,628)	(1)	(7)	-	-	(37,037)
Net book value								
At 31 December 2024	20,405	75,617	14,994	515	506	554	7,510	120,101

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Tanks and pipelines RM'000	Motor vehicles RM'000	Office equipment RM'000	Other equipment RM'000	Work in progress RM'000	Total RM'000
2023								
Cost								
At 1 January 2023	45,881	184,671	49,204	1,110	1,403	2,060	8,324	292,653
Additions	404	6,094	590	-	133	11	15,617	22,849
Write-offs	(45)	(430)	(2)	-	(48)	(63)	-	(588)
Reclassification	-	865	-	-	-	-	(865)	-
Transfer from AHFS	8,762	32,899	8,079	83	433	-	-	50,256
As at 31 December 2023	55,002	224,099	57,871	1,193	1,921	2,008	23,076	365,170
Accumulated depreciation								
At 1 January 2023	(27,228)	(113,168)	(35,378)	(977)	(1,150)	(1,366)	-	(179,267)
Charge for the financial year	(1,339)	(8,642)	(1,274)	(15)	(71)	(112)	-	(11,453)
Write-offs	39	360	1	-	48	62	-	510
Transfer from AHFS	(4,711)	(16,871)	(3,936)	(82)	(365)	-	-	(25,965)
At 31 December 2023	(33,239)	(138,321)	(40,587)	(1,074)	(1,538)	(1,416)	-	(216,175)

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Tanks and pipelines RM'000	Motor vehicles RM'000	Office equipment RM'000	Other equipment RM'000	Work in progress RM'000	Total RM'000
2023								
Accumulated impairment loss								
At 1 January 2023	-	(21,777)	-	-	-	-	-	(21,777)
Transfer from AHFS	(2,394)	(11,230)	(1,628)	(1)	(7)	-	-	(15,260)
At 31 December 2023	(2,394)	(33,007)	(1,628)	(1)	(7)	-	-	(37,037)
Net book value								
At 31 December 2023	19,369	52,771	15,656	118	376	592	23,076	111,958

As at 31 December 2023, the plant has ceased to be classified as assets held for sale and has been reclassified to property, plant and equipment. The assets held for sale whose carrying value was previously at RM11.4 million has been remeasured to RM9.03 million, resulting in a loss of RM2.37 million upon reclassification to property, plant and equipment. The revised carrying value is supported by an external valuation.

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14 RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Building, structure and renovation RM'000	Total RM'000
2024			
Cost			
At 1 January 2024/31 December 2024	13,087	771	13,858
Accumulated depreciation			
At 1 January 2024	(8,221)	(457)	(8,678)
Charge for the financial year	(370)	(85)	(455)
At 31 December 2024	(8,591)	(542)	(9,133)
Net book value			
At 31 December 2024	4,496	229	4,725
2023			
Cost			
At 1 January 2023/31 December 2023	13,087	771	13,858
Accumulated depreciation			
At 1 January 2023	(7,851)	(372)	(8,223)
Charge for the financial year	(370)	(85)	(455)
At 31 December 2023	(8,221)	(457)	(8,678)
Net book value			
At 31 December 2023	4,866	314	5,180

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15 INVESTMENT PROPERTY

	Buildings	
	2024	2023
	RM'000	RM'000
Cost		
At 1 January/31 December	929	929
Accumulated depreciation		
At 1 January	(570)	(531)
Charge for the financial year	(39)	(39)
At 31 December	(609)	(570)
Net book value at 31 December	320	359

The fair value of the Company's investment property as at 31 December 2024 was estimated at RM770,000 (2023: RM770,000) 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.

16 DEFERRED TAX ASSETS

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:

	2024	2023
	RM'000	RM'000
Deferred tax assets	5,014	-
At 1 January	-	-
(Charged)/Credited to profit or loss (Note 12):		
- property, plant and equipment	(1,139)	-
- right-of-use assets	94	-
- payables	74	-
- unused tax losses	6,142	-
- lease liabilities	(157)	-
	5,014	-
At 31 December	5,014	-

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16 DEFERRED TAX ASSETS (CONTINUED)

	2024 RM'000	2023 RM'000
Deferred tax assets		
- payables	683	609
- unused tax losses	14,717	8,575
- lease liabilities	1,213	1,370
Amount before offsetting	16,613	10,554
Offsetting	(11,599)	(10,554)
	5,014	-
Deferred tax liabilities		
- property, plant and equipment	(11,041)	(9,902)
- right-of-use assets	(558)	(652)
Amount before offsetting	(11,599)	(10,554)
Offsetting	11,599	10,554
	-	-

The amount of unused tax losses for which no deferred tax assets are recognised in the statement of financial position 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 is as follows:

	2024 RM'000	2023 RM'000
Unused tax losses	79,344	113,146
Impact on tax 24%	19,043	27,155

Under the Malaysia Finance Act 2018, unused business losses from year of assessments ("YA") 2018 be allowed to be carried forward for 10 consecutive year of assessments, until YA 2028. The Company's unused tax losses as at 31 December 2024 for which no deferred tax assets were recognised based on the year of assessment expiry is as follows:

	2024 RM'000	2023 RM'000
Expiring in YA 2028	79,344	113,146

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17 INVENTORIES

	2024 RM'000	2023 RM'000
Consumable stores	2,126	2,111

18 RECEIVABLES

	2024 RM'000	2023 RM'000
Other receivables	149	47
Deposits	749	744
	898	791

Other receivables

Receivables were denominated in Ringgit Malaysia.

The credit terms of other receivables are up to 30 days (2023: 30 days).

The impact of expected credit loss ("ECL") to the Company's other receivables is deemed immaterial.

The fair values of the receivables approximate their respective carrying values, as the impact of discounting is not significant.

19 AMOUNTS DUE FROM/(TO) PENULTIMATE HOLDING COMPANY, IMMEDIATE HOLDING COMPANY AND OTHER RELATED COMPANIES

	2024 RM'000	2023 RM'000
Current asset		
Amounts due from other related companies	9,136	10,545
Current liabilities		
Amount due to penultimate holding company	(314)	(498)
Amount due to immediate holding company	(19)	(243)
Amounts due to other related companies	(251)	(412)
	(584)	(1,153)

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19 AMOUNTS DUE FROM/(TO) PENULTIMATE HOLDING COMPANY, IMMEDIATE HOLDING COMPANY AND OTHER RELATED COMPANIES (CONTINUED)

Amounts due from/(to) penultimate holding company, immediate holding company and other related companies are denominated in Ringgit Malaysia, unsecured and interest free. These amounts arose mainly from sale and purchase transactions and are due up to 30 days (2023: 30 days) after the date of the transactions.

The impact of ECL on the intercompany receivables is deemed immaterial to the Company for the current and previous financial years.

The fair values of the amount due from/to penultimate holding company, immediate holding company and other related companies approximate their respective carrying values, as the impact of discounting is not significant.

20 LOAN DUE FROM/(TO) OTHER RELATED COMPANY

	2024 RM'000	2023 RM'000
Loan due from other related company	-	5,000

Loan due from other related company is unsecured with average interest of 3.58% per annum (2023: 3.31%).

	2024 RM'000	2023 RM'000
Loan due to other related company	(112,700)	(124,700)

Loans due to other related company are unsecured, with average interest of 4.11% per annum (2023: 3.97%) on reducing balance and repayable on demand.

The impact of ECL on the intercompany receivables is deemed immaterial to the Company.

The fair values of the loan due from/to other related company approximate their respective carrying values, as the impact of discounting is not significant.

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21 DEPOSITS, CASH AND BANK BALANCES

	2024 RM'000	2023 RM'000
Fixed deposits in licensed banks	6,500	5,100
Cash and bank balances	911	1,006
Cash and cash equivalents	7,411	6,106

The deposits and cash and bank balances are denominated in Ringgit Malaysia.

The weighted average interest rates of fixed deposits and bank balances that were effective at the financial year end are as follows:

	2024 % per annum	2023 % per annum
Fixed deposits in licensed banks	3.01	2.94

Fixed deposits as at 31 December 2024 for the Company have an average maturity period of 14 days (2023: 6 days). Bank balances are deposits held at call with banks and earn no interest.

The fair values of the deposit in licensed bank approximate their respective carrying values, as the impact of discounting is not significant

22 SHARE CAPITAL

	2024 Number of shares '000	2023 Number of shares '000	2024 RM'000	2023 RM'000
Issued and fully paid up:				
Ordinary shares with no par value				
As at 1 January/31 December	75,000	75,000	97,034	97,034

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23 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates a defined benefit retirement plan in Malaysia for all eligible employees. The plan's lump sum payments depend on members' length of service and their salary in the final year leading up to retirement. As the retirement benefit plan is unfunded, the Company meets the defined benefit payment obligations as it falls due.

	2024 RM'000	2023 RM'000
Non-current	697	686

The movements during the financial year in the amounts recognised in the statement of financial position of the Company are as follows:

	2024 RM'000	2023 RM'000
At 1 January	686	469
Charged to profit or loss (Note 8)	76	283
Remeasurement charged to other comprehensive income	16	11
Benefits paid	(81)	(77)
At 31 December	697	686

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23 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in profit or loss are as follows:

	2024 RM'000	2023 RM'000
Current service cost	34	30
Past service cost	-	207
Remeasurement	12	15
Interest cost	30	31
Charged to profit or loss	76	283

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

	2024 RM'000	2023 RM'000
Changes in financial assumptions	13	26
Experience adjustments	1	(16)
Transfers recognised in OCI	2	1
Charged to other comprehensive loss	16	11

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23 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

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

	2024 %	2023 %
Discount rate	4.4	4.7
Expected rate of salary increase	5.0	5.0

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption RM'000	Decrease in assumption RM'000
2024			
Discount rate	1%	(56)	64
Salary growth rate	1%	6	(10)
2023			
Discount rate	1%	(53)	61
Salary growth rate	1%	6	(12)

The above sensitivity analysis is 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 did not change compared to the previous financial year.

The weighted average duration of the defined benefit obligation is 42 years (2023: 42 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
At 31 December 2024	46	55	153	1,613	1,867
At 31 December 2023	75	45	152	1,550	1,822

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24 LEASE LIABILITIES

	2024 RM'000	2023 RM'000
At 1 January	5,710	6,330
Interest accretion	262	293
Repayments	(917)	(913)
At 31 December	5,055	5,710
- Non-current	4,297	5,055
- Current	758	655
	5,055	5,710

Total cash outflows for leases of the Company are as follows:

	2024 RM'000	2023 RM'000
Rental of low value assets	128	116
Rental of other equipment (service contract)	28	24
Repayments of lease liabilities	917	913
	1,073	1,053

25 PAYABLES

	2024 RM'000	2023 RM'000
Trade payables	10,757	7,418
Other payables	3,621	4,465
Retention sum	205	102
Other accruals	2,515	1,223
	17,098	13,208

Credit terms of trade payables range between 30 to 90 days (2023: 30 to 90 days).

All payables are denominated in Ringgit Malaysia.

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

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26 FINANCIAL INSTRUMENTS BY CATEGORY

	2024 RM'000	2023 RM'000
Assets as per statement of financial position		
At amortised cost		
Receivables	898	791
Amounts due from other related companies	9,136	10,545
Loan due from other related company	-	5,000
Deposits, cash and bank balances	7,411	6,106
Total	17,445	22,442
Liabilities as per statement of financial position		
At amortised cost		
Payables (*excluded employee related payable)*	14,895	13,208
Lease liabilities	5,055	5,710
Amount due to penultimate holding company	314	498
Amount due to immediate holding company	19	243
Amounts due to other related companies	251	412
Loan due to other related company	112,700	124,700
Total	133,234	144,771

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27 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to significant related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate holding body is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed elsewhere in the financial statements, the Company has 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; and
(ii) Placing of bank deposits with government-related financial institutions

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding body
FGV Holdings Berhad ("FGVH")	Penultimate holding company
Felda Holdings Berhad. ("FHB")	Intermediate holding company
FGV Palm Industries Sdn. Bhd. ("FGVPI")	Immediate holding company
Koperasi Permodalan Felda ("KPF")	Significant shareholder
FGV Capital Sdn. Bhd. ("FGVC")	Subsidiary of FGVH
FGV Trading Sdn. Bhd. ("FGVT")	Subsidiary of FGVH
FGV Prodata Systems Sdn. Bhd. ("Prodata")	Subsidiary of FGVH
FGV Security Services Sdn. Bhd. ("FSSSB")	Subsidiary of FGVH
FGV Transport Services Sdn. Bhd ("FTSSB")	Subsidiary of FGVH
Felda Travel Sdn. Bhd. ("Felda Travel")	Subsidiary of FGVH
FPG Oleochemicals Sdn. Bhd. ("FPG")	Joint venture of FGVH
Delima Oil Products Sdn. Bhd ("DOP")	Subsidiary of FGVH
FGV Kernel Products Sdn. Bhd. ("FKP")	Subsidiary of FGVH
FGV Biotechnologies Sdn Bhd ("FGVBio")	Subsidiary of FGVH

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27 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	2024 RM'000	2023 RM'000
Sales of services:		
FGVT	102,388	83,984
FPG	29,191	26,664
DOP	325	258
FGVBio	915	1,384
FKP	553	83
Rental income:		
DOP	360	345
Finance income:		
FGVC	64	569
Purchases of goods:		
FGVPI	(2,796)	(1,453)
Purchases of services:		
Prodata	(415)	(408)
FSSSB	(1,644)	(1,675)
FTSSB	(2)	(247)
Felda Travel	(370)	(229)
Finance costs:		
FGVC	(4,910)	(5,203)
Management fees:		
FGVH	(2,692)	(2,564)
Loan repayment by:		
FGVC	5,000	15,100
Repayment of loan given by:		
FGVC	(12,000)	(12,000)

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27 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel comprise of senior management having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

	2024 RM'000	2023 RM'000
Fees and allowances	90	88
Salaries and other short-term employee benefits	1,166	779
	1,256	867

28 CAPITAL COMMITMENTS

Capital expenditure at the statement of financial position date but not provided for in the financial statements are as follows:

	2024 RM'000	2023 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	11,963	8,152

29 FINANCIAL SUPPORT

The penultimate holding company, FGV Holdings Berhad has confirmed its present intention to provide financial support to the Company so as to enable the Company both to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations.

30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 25 April 2025.

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FINANCIAL STATEMENTS

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Registration No.
199501024602 (353807-M)

FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Fakhrunniam Bin Othman	
Aznur Kama Binti Azmir	
Zulkifli Bin Othman	
Hasbullah Bin Muhamad	
Siti Zaroha Binti Nasharuddin	(Appointed on 26 December 2024)
Muhamad Rizal Bin Abdul Rahim	(Resigned on 26 December 2024)

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are marketing of FGV Holdings Berhad ("FGVH") group of companies' commodity products and collection of revenues on their behalf. There were no significant changes in the nature of these activities during the financial year.

SUBSIDIARY

Details of subsidiary are set out in Note 14 to the financial statements.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	3,770

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FGV MARKETING SERVICES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

Dividend on ordinary shares declared by the Company since 31 December 2023 are as follows:

	RM'000
In respect of the financial year ended 31 December 2023:	
First interim dividend declared and offset on 20 March 2024	
- Single tier dividend of RM0.07 per share	1,190

The Company offsets the advanced payment to shareholders amounting RM1.7million against the dividend declared during the year.

RESERVES AND PROVISIONS

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

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 as 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 or its holding company or subsidiaries of the holding company during the financial year except as follows:

Shareholdings in FGVH, penultimate holding company

	Number of ordinary shares			
	At 1.1.2024 RM'000	Acquired RM'000	(Disposed) RM'000	At 31.12.2024 RM'000
Fakhrunniam Bin Othman	1,800	-	-	1,800

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024 RM'000
Auditor's remuneration	36

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024 RM'000
Directors' fees	93

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 Company for the financial year in which this report is made.

IMMEDIATE, INTERMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES/BODY

The Directors regard FGV Palm Industries Sdn. Bhd., Felda Holdings Berhad, FGVH and Federal Land Development Authority ("FELDA") as the immediate holding company, intermediate holding company, penultimate holding company and ultimate holding body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB").

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premium paid during the financial year and during the period from the end of the financial year to the date of the report, for any person who is or has been the Director, and Officers of the Company.

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

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 25 April 2025. Signed on behalf of the Board of Directors:

AZNUR KAMA BINTI AZMIR
DIRECTOR

FAKHRUNNIAM BIN OTHMAN
DIRECTOR

Kuala Lumpur

Registration No.
199501024602 (353807-M)

FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

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

We, Aznur Kama Binti Azmir and Fakhrunniam Bin Othman, two of the Directors of FGV Marketing Services Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 51 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance and cash flows of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 25 April 2025.

AZNUR KAMA BINTI AZMIR
DIRECTOR

FAKHRUNNIAM BIN OTHMAN
DIRECTOR

Kuala Lumpur

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

I, Rosezalina Binti Daros, the Officer primarily responsible for the financial management of FGV Marketing Services Sdn. Bhd, do solemnly and sincerely declare that the financial statements set out on pages 11 to 51 are, in my opinion, 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.

ROSEZALINA BINTI DAROS
MIA membership no. 25167

Subscribed and solemnly declared by the above named Rosezalina Binti Daros in Kuala Lumpur on 25 April 2025 before me,

PESURUHJAYA SUMPAH
W985
MUHAMAD NAZRI
BIN MAMAT @ AB RAHMAN
01/01/2025 – 31/12/2027
MALAYSIA

COMMISSIONER FOR OATHS

PUSAT PERKHIDMATAN SETEMPAT
JHEV ATM
TINGKAT BAWAH, MENARA TH PERDANA,
1001 JALAN SULTAN ISMAIL,
50250 KUALA LUMPUR

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV MARKETING SERVICES SDN. BHD.

(Incorporated in Malaysia)
Registration No. 199501024602 (353807-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Marketing Services Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 11 to 51.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV MARKETING SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024602 (353807-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV MARKETING SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024602 (353807-M)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV MARKETING SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024602 (353807-M)

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

KHAIRUL AZHAR BIN NORHAN
03750/06/2025 J
Chartered Accountant

Kuala Lumpur
25 April 2025

Registration No.
199501024602 (353807-M)

FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Revenue	5	4,936	3,546
Other operating income	6	1,744	1,934
Other operating expenses		(1,609)	(1,404)
Profit before zakat and taxation	7	5,071	4,076
Zakat	9	(71)	(154)
Taxation	10	(1,230)	(1,057)
Net profit and total comprehensive income for the financial year		3,770	2,865

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	96	106
Investment properties	13	1,790	1,639
Investment in a subsidiary	14	-	-
		1,886	1,745
Current assets			
Receivables	15	41	32
Loans due from other related company	16	43,540	39,040
Amount due from penultimate holding company	17	2	-
Amount due from immediate company	17	260	867
Amounts due from other related companies	17	1,993	1,799
Deposits, cash and bank balances	18	2,137	3,129
		47,973	44,867
TOTAL ASSETS		49,859	46,612

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	42,480	42,480
Retained earnings		6,222	3,642
Total equity		48,702	46,122
Non-current liability			
Deferred tax liabilities	20	54	75
Current liabilities			
Payables	21	493	271
Amount due to penultimate holding company	17	10	10
Amount due to other related company	17	28	28
Tax payable		572	106
		1,103	415
Total liabilities		1,157	490
TOTAL EQUITY AND LIABILITIES		49,859	46,612

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
2024				
At 1 January 2024		42,480	3,642	46,122
Net profit and total comprehensive income for the financial year		-	3,770	3,770
Transaction with owners				
Dividends paid (net)				
- For the financial year 31 December 2023	11	-	(1,190)	(1,190)
At 31 December 2024		42,480	6,222	48,702

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FGV MARKETING SERVICES SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
2023				
At 1 January 2023		42,480	4,177	46,657
Net profit and total comprehensive income for the financial year		-	2,865	2,865
Transaction with owners				
Dividends paid (net)				
- For the financial year 31 December 2022	11	-	(3,400)	(3,400)
At 31 December 2023		42,480	3,642	46,122

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	3,770	2,865
Adjustments for:		
Depreciation of property, plant and equipment	19	5
Depreciation of investment properties	214	206
Gain on disposal of property, plant and equipment	-	(1)
Interest income	(1,559)	(1,367)
Dividend income	(25)	(25)
Zakat	71	154
Taxation	1,230	1,057
	3,720	2,894
Working capital changes		
Receivables	(9)	29
Payables	222	1
Intercompany balances	(850)	(250)
Cash flows generated from operations	3,083	2,674
Tax paid	(785)	(1,514)
Net cash generated from operating activities	2,298	1,160
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	1,559	1,367
Dividend income received	25	25
Proceed from disposal of property, plant and equipment	-	1
Loan advanced to other related company	(4,500)	(1,500)
Repayment of loan due from other related company	-	5,000
Purchase of property, plant and equipment	(9)	(88)
Purchase of investment properties	(365)	-
Advances to shareholders	-	(1,700)
Net cash (used in)/generated from investing activities	(3,290)	3,105

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FGV MARKETING SERVICES SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to shareholders	-	(3,400)
Net cash used in financing activity	-	(3,400)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	(992)	865
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	3,129	2,264
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 18)	2,137	3,129

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FGV MARKETING SERVICES SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are marketing of FGV Holdings Berhad ("FGVH") group of companies' commodity products and collection of revenues on their behalf.

There has been no significant change in the nature of these activities during the financial year.

The Directors regard FGV Palm Industries Sdn. Bhd., Felda Holdings Berhad, FGVH and Federal Land Development Authority ("FELDA"), as the immediate holding company, intermediate holding company, penultimate holding company and ultimate holding body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB").

The address of the registered office of the Company is Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur. The address of the principal place of business is Level 8, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur.

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies in Note 3 to the financial statements.

The Company is exempted from the preparation of consolidated financial statements as the Company is an indirect subsidiary of FGVH, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad which produces consolidated financial statements available for public use that comply with MFRS.

The address where the consolidated financial statements are available is as follows:

Level 21, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur
Wilayah Persekutuan

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

It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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FGV MARKETING SERVICES SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 "Classification of liabilities as current or non-current" ("2020 amendments") and "Non-current Liabilities with Covenants" ("2022 amendments")
- Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback"
- Amendments to MFRS 107 and MFRS 7 "Supplier Finance Arrangements"

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

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

Effective annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on "Lack of Exchangeability"

Effective annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

Effective annual periods beginning on or after 1 January 2027

- MFRS 18 "Presentation and Disclosures in Financial Statements"
- MFRS 19 "Subsidiaries without Public Accountability: Disclosures"

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Company.

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES

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

(a) Financial assets

Classification

The Company classifies its financial assets in the following categories:

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Company 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 Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

Measurement

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

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FGV MARKETING SERVICES SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Measurement (continued)

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement categories into which the Company classifies its debt instruments are as follows:

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.

(ii) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company'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 Company's right to receive payments is established.

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

Impairment

(i) Impairment for debt instruments

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

- Amounts due from intercompanies
- Receivables

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(i) Impairment for debt instruments (continued)

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 Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

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

(a) General 3-stage approach for other receivables and non-trade amounts and loans due from intercompanies

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months 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 relevant notes to the financial assets.

(b) Simplified approach for trade amounts due from intercompany balances

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade amounts due from intercompany balances.

The measurement details of ECL are disclosed in 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(ii) Significant increase in credit risk

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

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

The Company 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 Company considers the following instances:

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

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

(iv) Groupings of instruments for ECL measurement

(a) Collective assessment

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

(i) Related company and external customers
(ii) Other shared credit risks

(b) Individual assessment

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

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(v) Write-off

(a) Trade amounts due from intercompany

Trade amount due from intercompany is 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 Company.

Impairment losses on trade amount due from intercompany is 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 Company 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 Company 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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.

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

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.

(c) 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) 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 company.

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 Company and the costs of the item can be measured reliably. The carrying amount of replaced parts are de-recognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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)
Motor vehicles	6
Office equipment, furniture and fittings	2 to 10
Building and renovation	5 to 50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

Gain and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

At each statement of financial position date, the Company assesses whether there is any indication of impairment. If such 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 material accounting policies Note 3(f) on impairment of non-financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties

Investment properties consist of buildings that are held for long term rental yields or for capital appreciation or both, and are not occupied by the Company. 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. 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)
Buildings	5 to 20

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 Company 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 profit or loss.

At each statement of financial position date, the Company assesses 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 material accounting policies Note 3(f) on impairment of non-financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of non-financial assets

Property, plant and equipment and other non-current 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.

(g) Zakat

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

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

(h) 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 Company and its subsidiary operate and generate taxable income.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Current and deferred income tax (continued)

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 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.

(i) Revenue recognition

(i) Revenue from contracts with customers

The Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 Company estimates 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

The Company is acting as an agent satisfies its performance obligation through marketing FGVH's group of companies commodity products to customers and collection of revenue on their behalf.

Revenue from the marketing services is recognised at a point in time when control of the goods has transferred to the customers by the principal.

Receivables

A receivable is recognised when the goods are delivered to customers by principal 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.

(ii) Other operating income

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

- Interest income

  Interest income is recognised using the effective interest method. Interest 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).

- 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

- Rental income

  Rental income related to rental of properties are recognised over the period of tenancy or usage, as appropriate.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Provisions

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 expense.

(k) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Company is 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.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(l) Investment in subsidiary

Subsidiary is entity (including structured entities) which the Company has control. The Company controls an entity when the Company 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.

In the Company's financial statements, investment in a subsidiary is 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. The recoverable amount is higher of an asset's fair value less costs to sell and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.

On disposal of the subsidiary, the difference between net disposal proceeds and its carrying amount is included to profit or loss.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

(a) Financial risk management

The Company is exposed to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Company's financial performance.

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 Company's risk exposures.

Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Pound Sterling ("GBP"). The translation of foreign currency denominated deposits, cash and bank balances and payables did not have any significant impact on the financial statements of the Company during the reported financial year ended 31 December 2024.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market interest rate.

The Company's interest bearing financial assets are at fixed rate, and therefore are not affected by changes in market interest rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to from outstanding receivables.

The Company 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management (continued)

Credit risk (continued)

Receivables, loans and amounts due from intercompanies are closely monitored and continuously followed up.

(i) Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss ("ECL") model include other receivables, loans and amounts due from intercompany. 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 amounts due from intercompanies using simplified approach

The Company applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade amounts due from intercompany except where the amounts are assessed individually for credit-impaired balances or for significant individual balances with different credit risk profile from other balances.

To measure the expected credit losses, trade amounts due from intercompanies have been grouped based on shared credit risk characteristics and the days past due.

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 intercompanies that are credit impaired are assessed for ECL on individual basis. The amounts are presented based on the following categories:

Category	Company's definition of category
Credit impaired	Default amounts that meets the unlikeliness to pay
Non-credit impaired	Amounts that are not credit-impaired.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management (continued)

Credit risk (continued)

(i) Impairment of financial assets (continued)

(b) Other receivables and non-trade amounts and loans due from intercompany

The Company uses three categories for other receivables and non-trade amounts and loans due from intercompany 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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

Category	Company'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 are 180 days past due or 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

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management (continued)

Credit risk (continued)

(i) Impairment of financial assets (continued)

(b) Other receivables and non-trade amounts and loans due from intercompany (continued)

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

- PD ("Probability of Default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("Loss Given Default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("Exposure At Default") – the outstanding amount that is exposed to default risk.

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

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

The 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.

(ii) Credit risk exposures

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations due to shortage of funds. The Company maintains a sufficient level of deposits, cash and bank balances to meet the Company's working capital requirement by closely monitoring its cash flow.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management (continued)

Liquidity risk (continued)

Any surplus cash held over and above balance required for working capital management are invested in interest bearing current and fixed deposits with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by its projected cash flow.

As at the statement of financial position date, the remaining contractual maturity periods for all of the Company's financial liabilities are within a period of less than 1 year and the undiscounted contractual cash flows equal their respective carrying values.

(b) Capital risk management

As at the statement of financial position date, the Company is not exposed to any capital risk as there are no outstanding borrowings made with financial institutions.

(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).

(d) Offsetting financial assets and financial liabilities

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

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5 REVENUE

	2024 RM'000	2023 RM'000
Revenue from contracts with customer:		
- Marketing services	4,936	3,546
Timing of revenue recognition		
- At a point in time	4,936	3,546

6 OTHER OPERATING INCOME

	2024 RM'000	2023 RM'000
Interest income from other related company	1,481	1,314
Interest income from financial institutions	78	53
Rental income	154	127
Dividend income	25	25
Mass Base ("MB") premium income	-	414
Gain on disposal of property, plant and equipment	-	1
External other operating income	6	-
	1,744	1,934

7 PROFIT BEFORE ZAKAT AND TAXATION

Profit before zakat and taxation is stated after charging:

	2024 RM'000	2023 RM'000
Property, plant and equipment:		
- Depreciation	19	5
Investment properties:		
- Depreciation	214	206
Auditors' remuneration	36	36
Net gain on realised foreign currency exchange	(6)	(28)
Management fees charged by penultimate holding company	118	113
Management fees charged by other related company	495	425
Maintenance cost of investment properties	627	532

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8 DIRECTORS' REMUNERATION

	2024 RM'000	2023 RM'000
Fees and allowances	93	86

9 ZAKAT

	2024 RM'000	2023 RM'000
Movement in zakat liability:		
- At 1 January	-	-
- Current financial year's zakat expense	71	154
- Zakat paid	(71)	(154)
At 31 December	-	-

The zakat was paid by penultimate holding company on behalf of the Company during the financial year.

10 TAXATION

	2024 RM'000	2023 RM'000
Malaysian income tax charge		
- In respect of current financial year	1,253	997
- In respect of prior financial year	(2)	61
	1,251	1,058
Deferred tax (Note 20)	(21)	(1)
	1,230	1,057

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 TAXATION (CONTINUED)

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

	2024 RM'000	2023 RM'000
Profit before taxation after zakat	5,000	3,922
Tax calculated at Malaysian corporate tax rate of 24% (2023: 24%)	1,200	941
Tax effects of:		
- Expenses not deductible for tax purposes	51	179
- Income not subject to tax	(6)	(124)
- (Over)/Underprovision of tax in respect of prior financial year	(15)	61
Tax expense	1,230	1,057

11 DIVIDEND PER SHARE

Dividends paid and/or declared in respect of the financial years are as follows:

	2024		2023	
	Dividend per share RM	Amount of dividend RM'000	Dividend per share RM	Amount of dividend RM'000
First interim single-tier dividend for the financial year ended 31 December 2023, declared and offset on 20 March 2024	0.07	1,190	-	-
Final single-tier dividend for the financial year ended 31 December 2022, declared and paid on 23 February 2023	-	-	0.20	3,400
	0.07	1,190	0.20	3,400

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12 PROPERTY, PLANT AND EQUIPMENT

2024	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Building and renovation RM'000	Total RM'000
Cost				
At 1 January	345	961	698	2,004
Additions	-	9	-	9
At 31 December	345	970	698	2,013
Accumulated depreciation				
At 1 January	345	878	675	1,898
Charge for the financial year	-	19	-	19
At 31 December	345	897	675	1,917
Net book value				
At 31 December 2024	-	73	23	96

2023	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Building and renovation RM'000	Total RM'000
Cost				
At 1 January	355	873	698	1,926
Additions	-	88	-	88
Disposal	(10)	-	-	(10)
At 31 December	345	961	698	2,004
Accumulated depreciation				
At 1 January	355	873	675	1,903
Charge for the financial year	-	5	-	5
Disposal	(10)	-	-	(10)
At 31 December	345	878	675	1,898
Net book value				
At 31 December 2023	-	83	23	106

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13 INVESTMENT PROPERTIES

	2024 RM'000	2023 RM'000
Buildings		
Cost		
At 1 January	5,476	5,476
Additions	365	-
At 31 December	5,841	5,476
Accumulated depreciation		
At 1 January	3,837	3,631
Charge for the financial year	214	206
At 31 December	4,051	3,837
Net book value		
At 31 December	1,790	1,639

The following amounts have been recognised in profit or loss:

	2024 RM'000	2023 RM'000
Rental income	154	127
Operating expenses from investment properties to generate rental income	(627)	(532)

The fair values of the investment properties amounting to RM17,148,000 (2023: RM17,815,000) are based on valuations by independent professionally qualified 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.

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14 INVESTMENT IN A SUBSIDIARY

	2024 RM'000	2023 RM'000
At cost less accumulated impairment		
Investment in a subsidiary	755	755
Accumulated impairment	(755)	(755)
	-	-

Details of the subsidiary company are as follows:

Name	Country of incorporation	Company's effective interest 2024 %	Company's effective interest 2023 %	Principal activity
P.T. Cashgrow Ventures ("PTCGV") #	Indonesia	95	95	Commodity trading

Audited by an affiliate of PricewaterhouseCoopers PLT, Malaysia.

15 RECEIVABLES

	2024 RM'000	2023 RM'000
Other receivables	23	18
Prepayments	20	16
	43	34
Loss allowance:		
Other receivables	(2)	(2)
	41	32

Receivables are denominated in the Ringgit Malaysia.

Other receivables of RM21,000 (2023: RM16,000) which are neither past due nor impaired are not significantly impacted by credit and default risks as they have yet to exceed their credit period. These balances mainly relate to external parties with no recent history of default.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15 RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance

(i) Other receivables using general 3 stage approach

The movement of loss allowance for other receivables are as follows:

	Performing RM'000	Under-Performing RM'000	Non-Performing RM'000	Total RM'000
Loss allowance as at 1 January 2023/ 31 December 2023/ 1 January 2024/ 31 December 2024	-	-	2	2

The following table contains an analysis of the credit exposure of other receivables 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 2024				
Gross carrying amount	21	-	2	23
Loss allowance	-	-	(2)	(2)
Carrying amount (net loss allowance)	21	-	-	21
31 December 2023				
Gross carrying amount	16	-	2	18
Loss allowance	-	-	(2)	(2)
Carrying amount (net loss allowance)	16	-	-	16

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

16 LOANS DUE FROM OTHER RELATED COMPANY

	2024 RM'000	2023 RM'000
Loans due from other related company	43,540	39,040

Loans due from other related company are unsecured, receivable within one year, has an option to rollover and bears interest at 3.65% (2023: 3.80%) per annum and is denominated in Ringgit Malaysia.

No loss allowance had been recognised for loan due from other related company as the impact was not material.

17 AMOUNTS DUE FROM/(TO) PENULTIMATE HOLDING COMPANY, IMMEDIATE HOLDING COMPANY AND OTHER RELATED COMPANIES

	2024 RM'000	2023 RM'000
Amounts due from:		
Penultimate holding company	2	-
Immediate holding company	260	867
Other related companies	1,993	1,799
	2,255	2,666
Amounts due to:		
Penultimate holding company	(10)	(10)
Other related company	(28)	(28)
	(38)	(38)

The amounts due from/(to) penultimate holding company, immediate holding company and other related companies are denominated in Ringgit Malaysia and they are unsecured, interest free and repayable on demand, except for trade amounts due from other related companies which have credit terms of 60 days (2023: 60 days).

No loss allowance had been recognised for amounts due from intercompanies as at 31 December 2024 as the impact was not material.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18 DEPOSITS, CASH AND BANK BALANCES

	2024 RM'000	2023 RM'000
Fixed deposits in licensed banks	1,750	2,110
Cash and bank balances	387	1,019
Cash and cash equivalents	2,137	3,129

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

	2024 RM'000	2023 RM'000
Ringgit Malaysia	2,107	2,512
United States Dollar	-	610
Pound Sterling	30	7
	2,137	3,129

The weighted average interest rates of fixed deposits that were effective at the financial year end were as follows:

	2024 % per annum	2023 % per annum
Licensed banks	3.10	3.10

Fixed deposits as at 31 December 2024 for the Company have average maturity periods of 33 days (2023: 31 days).

Bank balances are cash deposits held at call with banks and earn no interest.

19 SHARE CAPITAL

	2024 Number of shares ('000)	2023 Number of shares ('000)	2024 RM'000	2023 RM'000
Issued and fully paid up, with no par value				
Ordinary shares				
At 1 January/31 December	17,000	17,000	42,480	42,480

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20 DEFERRED TAX LIABILITIES

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:

	2024 RM'000	2023 RM'000
Subject to income tax		
- Deferred tax liabilities	54	75
At 1 January	75	76
Credited to profit or loss (Note 10):		
- Property, plant and equipment	(21)	(1)
	(21)	(1)
At 31 December	54	75
Before and after offsetting		
Deferred tax liabilities		
- Property, plant and equipment	54	75

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21 PAYABLES

	2024 RM'000	2023 RM'000
Other payables	43	24
Accruals	450	247
	493	271

Payables are denominated as follows:

	2024 RM'000	2023 RM'000
Ringgit Malaysia	479	271
Pound Sterling	14	-
	493	271

Credit terms of payables are up to 60 days (2023: 60 days).

The fair values of the payables approximate their carrying value as the impact of discounting is not material.

22 FINANCIAL INSTRUMENTS

	2024 RM'000	2023 RM'000
Financial assets as per statement of financial position		
At amortised cost		
Receivables (excluding prepayments)	21	16
Loans due from other related company	43,540	39,040
Amount due from penultimate holding company	2	-
Amount due from immediate company	260	867
Amounts due from other related companies	1,993	1,799
Deposits, cash and bank balances	2,137	3,129
Total	47,953	44,851

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22 FINANCIAL INSTRUMENTS (CONTINUED)

	2024 RM'000	2023 RM'000
Financial liabilities as per statement of financial position		
At amortised cost		
Payables	493	271
Amount due to penultimate holding company	10	10
Amount due to other related company	28	28
Total	531	309

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate body is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed in the financial statements, 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 Company's business on terms consistently applied in accordance with the FGVH's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
FGV Holdings Berhad ("FGVH")	Penultimate holding company
FGV Palm Industries Sdn. Bhd. ("FGVPI")	Immediate holding company
Koperasi Permodalan Felda Malaysia Berhad ("KPF")	Significant shareholder
FGV Trading Sdn. Bhd. ("FGVT")	Subsidiary of FGVH
FGV Capital Sdn. Bhd. ("FGVC")	Subsidiary of FGVH
FGV Kernel Products Sdn. Bhd. ("FGVKP")	Subsidiary of FGVH

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23 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

		2024 RM'000	2023 RM'000
(a)	Rendering of marketing services		
	- FGVKP	4,936	3,636
	- FGVT	-	(90)
		4,936	3,546
(b)	Interest income		
	- FGVC	1,481	1,314
(c)	MB premium income		
	- FGVKP	-	414
(d)	Management fee paid/payable		
	- FGVT	(495)	(425)
	- FGVH	(118)	(113)
		(613)	(538)
(e)	Dividends paid/declared (net)		
	- FGVPI	(607)	(1,734)
	- KPF	(583)	(1,666)
		(1,190)	(3,400)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

23 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following transactions were carried out with related parties (continued):

	2024 RM'000	2023 RM'000
(g) Zakat		
Zakat paid on behalf of the Company		
- FGVH	(71)	(154)
(h) Others		
- Loan advanced to FGVC	(4,500)	(1,500)
- Repayment of loan from FGVC	-	5,000
	(4,500)	3,500

(i) Key management personnel compensation

Key management personnel comprise Directors and General Managers and above of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

	2024 RM'000	2023 RM'000
Fees and allowances	93	86

24 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2025.

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FGV AGRI SERVICES SDN BHD
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DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Dato' Mohd Hairul Bin Abdul Hamid	
Zul Hasymi Bin Saadul Kurzi	
Borhan Bin Bachi	(Appointment on 5 November 2024)
Sulong Jamil Bin Mohamed Sharif	(Appointment on 26 December 2024)
Mohd Helmi Fakhzan Bin Abd Wahab	(Appointment on 26 December 2024)
Datuk Khamis Bin Mohamed Som	(Resigned on 26 December 2024)
Raja Faridah Binti Raja Ahmad	(Resigned on 26 December 2024)

PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry out research and development activities as well as providing advisory services and production and sale of agricultural products to Federal Land Development Authority ("FELDA") and other related companies.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	40,627,445

RESERVES AND PROVISIONS

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

DIVIDENDS

Dividends on ordinary shares declared and paid by the Company since the end of previous financial year are as follows:

	RM
In respect of financial year ended 31 December 2024:	
- Interim single tier dividend of 38 sen per share, paid on 1 April 2024	24,700,000
- Final single tier dividend of 10 sen per share, paid 25 September 2024	6,500,000
	31,200,000

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DIRECTORS' REPORT (CONTINUED)

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 holding company or subsidiaries of the holding company during the financial year except as follows:

Shareholdings in FGV Holdings Berhad ("FGVH"), penultimate holding company

	Number of ordinary shares			
	At 1.1.2024	Additions	(Disposed)	At 31.12.2024
Borhan Bin Bachi	-	35,000	-	35,000

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024 RM	2023 RM
Directors' remuneration	75,000	90,000

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024 RM	2023 RM
Principal auditors' remuneration:		
- Audit fee	90,500	88,300

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FGV AGRI SERVICES SDN BHD
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DIRECTORS' REPORT (CONTINUED)

HOLDING COMPANIES

The Directors regard Felda Holdings Bhd ("FHB"), FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate, penultimate and ultimate holding companies respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of 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 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 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.

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FGV AGRI SERVICES SDN BHD
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 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 25 March 2025. Signed on behalf of the Board of Directors:

DATO' MOHD HAIRUL BIN ABDUL HAMID
DIRECTOR

ZUL HASYMI BIN SAADUL KURZI
DIRECTOR

Kuala Lumpur

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FGV AGRI SERVICES SDN BHD
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STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Mohd Hairul Bin Abdul Hamid and Zul Hasymi Bin Saadul Kurzi, two of the Directors of FGV Agri Services Sdn. Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 10 to 77 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of financial performance and cash flows of the Company for the financial year ended on that date in according with the 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 25 March 2025.

DATO' MOHD HAIRUL BIN ABDUL HAMID
DIRECTOR

ZUL HASYMI BIN SAADUL KURZI
DIRECTOR

Kuala Lumpur

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

I, Shahril bin Ibrahim, the Officer primarily responsible for the financial management of FGV Agri Services Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 77 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.

SHAHRIL BIN IBRAHIM
MIA membership no. 21178

Subscribed and solemnly declared by the abovenamed Shahril bin Ibrahim in Kuala Lumpur on 25 March 2025, before me.

PESURUHJAYA SUMPAH
W 465
KAPT (B) JASNI BIN YUSOFF
01 JAN 2025 - 31 DIS 2025
MALAYSIA

COMMISSIONER FOR OATHS

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-668 0745

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)
Registration No. 199501024586 (353791-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Agri Services Sdn Bhd ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 77.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV AGRI SERVICES SDN BHD (CONTINUED)
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV AGRI SERVICES SDN BHD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024586 (353791-M)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV AGRI SERVICES SDN BHD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024586 (353791-M)

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

MAHESH A/L RAMESH
03428/04/2025 J
Chartered Accountant

Kuala Lumpur
25 March 2025

Registration No.
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FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
Revenue	6	295,497,787	265,488,620
Cost of sales		(112,854,087)	(113,109,843)
Gross profit		182,643,700	152,378,777
Administrative expenses		(139,130,434)	(127,711,363)
Other operating income	7	4,427,788	2,054,067
Other operating expenses	8	(263,880)	(25,289)
Reversal of impairment on financial assets (net)	9	81,256	71,917
Finance income	10	6,604,710	6,332,074
Finance costs	10	(8,512,420)	(8,704,571)
Profit before zakat and taxation	11	45,850,720	24,395,612
Zakat	12	(1,212,610)	517,908
Taxation	13	(4,010,665)	(2,080,947)
Profit for the financial year		40,627,445	22,832,573
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
- Actuarial (loss) on defined benefit plan	28	(75,360)	(75,733)
- Fair value changes in financial assets through other comprehensive income	17	670,779	(6,119)
Other comprehensive income/(loss) for the financial year, net of tax		595,419	(81,852)
Total comprehensive income for the financial year		41,222,864	22,750,721

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FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	14	192,135,851	189,642,330
Intangible assets	15	360,070	429,686
Investment properties	16	315,583	355,031
Financial assets at fair value through other comprehensive income	17	3,927,437	3,256,658
Right-of-use assets	18	161,602,099	170,266,980
		358,341,040	363,950,685
Current assets			
Inventories	19	30,036,293	26,769,975
Tax recoverable		195,333	-
Biological assets	20	5,891,025	4,024,972
Receivables	21	7,596,381	7,719,643
Loan due from other related company	22	181,993,954	181,987,672
Amount due from ultimate holding company	23	62,587	107,805
Amount due from a corporate shareholder	23	46,497	255,406
Amounts due from other related companies	23	27,230,321	29,571,084
Amount due from other related party	23	3,309,222	4,326,281
Deposits, cash and bank balances	24	38,746,997	13,691,947
Total current assets		295,108,610	268,454,785
Total assets		653,449,650	632,405,470

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FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	167,987,332	167,987,332
Fair value through other comprehensive income reserve		2,155,423	1,484,644
Retained earnings		228,314,829	218,962,744
Total equity		398,457,584	388,434,720
Non-current liabilities			
Deferred tax liabilities	26	27,346,806	23,316,425
Lease liabilities	27	163,155,160	169,198,008
Provision for defined benefit plan	28	3,004,566	2,870,861
		193,506,532	195,385,294
Current liabilities			
Payables	29	31,225,411	25,885,547
Contract liabilities	30	1,042,863	797,771
Amount due to ultimate holding company	23	13,597,420	3,385,333
Amount due to penultimate holding company	23	1,297,734	1,394,382
Amounts due to other related companies	23	8,341,421	10,724,248
Lease liabilities	27	5,980,685	5,689,595
Tax Payables		-	708,580
		61,485,534	48,585,456
Total liabilities		254,992,066	243,970,750
Total equity and liabilities		653,449,650	632,405,470

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FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Ordinary shares RM	Non-distributable Fair value through other comprehensive income reserve RM	Distributable Retained earnings RM	Total equity RM
2024					
At 1 January 2024		167,987,332	1,484,644	218,962,744	388,434,720
Profit for the financial year		-	-	40,627,445	40,627,445
Other comprehensive loss for the financial year, net of tax:					
Items that will not be reclassified to profit or loss					
- Actuarial loss on defined benefit plan		-	-	(75,360)	(75,360)
- Fair value changes in financial assets through other comprehensive income		-	670,779	-	670,779
Total comprehensive income for the financial year		-	670,779	40,552,085	41,222,864
Transaction with owners:					
Dividends for the financial year ended 31 December 2024	31			(31,200,000)	(31,200,000)
At 31 December 2024		167,987,332	2,155,423	228,314,829	398,457,584

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FGV AGRI SERVICES SDN BHD
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	Ordinary shares RM	Non-distributable Fair value through other comprehensive income reserve RM	Distributable Retained earnings RM	Total equity RM
2023					
At 1 January 2023		167,987,332	1,490,763	212,455,904	381,933,999
Profit for the financial year		-	-	22,832,573	22,832,573
Other comprehensive loss for the financial year, net of tax:					
Items that will not be reclassified to profit or loss					
- Actuarial loss on defined benefit plan		-	-	(75,733)	(75,733)
- Fair value changes in financial assets through other comprehensive income		-	(6,119)	-	(6,119)
Total comprehensive income for the financial year		-	(6,119)	22,756,840	22,750,721
Transaction with owners:					
Dividends for the financial year ended 31 December 2023	31	-	-	(16,250,000)	(16,250,000)
At 31 December 2023		167,987,332	1,484,644	218,962,744	388,434,720

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FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	40,627,445	22,832,573
Adjustments for:		
Taxation	4,010,665	2,080,947
Zakat	1,212,610	(517,908)
Interest on lease liabilities	8,472,049	8,696,091
Provision for remediation of recruitment fee	-	1,391,921
Depreciation of right-of-use assets	8,664,881	8,877,662
Depreciation of property, plant and equipment	15,689,851	15,258,382
Amortisation of intangible asset	89,166	10,340
Depreciation of investment properties	39,448	39,448
Fair value changes on biological assets	(1,866,053)	344,879
Reversal of impairment of financial assets (net)	(81,256)	(71,917)
Property, plant and equipment written off	263,880	25,285
Gain on disposal of property, plant and equipment	-	(4,799)
Finance income	(6,604,710)	(6,332,074)
Dividend income from investment held at fair value through other comprehensive income	(139,694)	(105,522)
Provision for defined benefit plan	387,533	1,230,227
	70,765,815	53,755,535
Changes in working capital:		
Inventories	(3,266,318)	(595,562)
Receivables	(294,692)	(1,046,168)
Payables	4,695,429	(5,693,683)
Contract liabilities	245,092	(163,717)
Intercompanies	11,425,817	(2,071,846)
Cash generated from operations	83,571,143	44,184,559
Tax paid	(884,197)	(1,092,345)
Zakat paid	(568,175)	(912,001)
Retirement benefit paid	(329,188)	(242,250)
Net cash generated from operating activities	81,789,583	41,937,963

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FGV AGRI SERVICES SDN BHD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit share received from mudharabah accounts		320,925	172,263
Interest income from other related company		6,283,785	6,159,811
Dividend received from investment held at fair value through other comprehensive income		139,694	105,522
Purchase of property, plant and equipment		(18,447,252)	(17,709,606)
Purchase of intangible asset		(19,550)	(221,859)
Proceeds from disposal of property, plant and equipment		-	28,792
Disbursement for loan due from other related company		-	-
Repayment of loan due from other related company		411,672	18,688,328
Net cash generated (used in)/from investing activities		(11,310,726)	7,223,251
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders		(31,200,000)	(38,545,000)
Payments of lease liabilities		(14,223,807)	(14,191,114)
Net cash used in financing activities		(45,423,807)	(52,736,114)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		25,055,050	(3,574,900)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		13,691,947	17,266,847
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	24	38,746,997	13,691,947

Significant non-cash transactions:

(i) Included in the current financial year working capital changes the zakat payable amounting to RM957,510 (2023: RM313,075).

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

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

			Non-cash changes		
	At 1 January RM	Payments RM	Interest accretion RM	Remeasurement RM	At 31 December RM
2024					
Lease liabilities	174,887,603	(14,223,807)	8,472,049	-	169,135,845
2023					
Lease liabilities	180,300,276	(14,191,114)	8,696,091	82,350	174,887,603

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FGV AGRI SERVICES SDN BHD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are to carry out research and development activities as well as providing advisory services and production and sale of agricultural products to Federal Land Development Authority ("FELDA") and other related companies.

There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Felda Holdings Bhd ("FHB"), FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate, penultimate and ultimate holding companies respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and the principal place of business of the Company is as follows:

Registered office:
Level 21, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur

Principal place of business:
Level 9, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies in Note 3 to the financial statements.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

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

<u>Effective for annual periods beginning on or after 1 January 2025</u>

- Amendments to MFRS 121 on 'Lack of Exchangeability'

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Company.

Accounting pronouncements that are currently being assessed by the Company:

<u>Effective annual periods beginning on or after 1 January 2026</u>

- Amendments to MFRS 9 and MFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

<u>Effective annual periods beginning on or after 1 January 2027</u>

- MFRS 18 "Presentation and Disclosures in Financial Statements"
- MFRS 19 "Subsidiaries without Public Accountability: Disclosures"

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES

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

(a) Provisions

Provisions are recognised when:

- the Company 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 Company 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.

(b) Financial assets

Classification

The Company classifies its financial assets in the following categories:

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

(ii) and 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 Company 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").

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

The Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL 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.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as:

(i) 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) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company'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 Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment

(i) Impairment for debt instruments

The Company assesses on a forward looking basis the Expected Credit Loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

- Receivables; and
- Loans and amounts due from intercompany.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was 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 Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

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

(a) General 3-stage approach for other receivables, loans due from intercompany

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months 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 (inclusive of intercompany receivables) and trade amounts due from intercompany

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(ii) Significant increase in credit risk

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(iv) Groupings of instruments for ECL measurement

(a) Collective assessment

To measure ECL, trade receivables arising from the sale of agricultural products have been grouped based on the days past due and shared credit risk characteristics as follows:

(i) Related company and external customers

(b) Individual assessment

Trade receivables (inclusive of intercompany receivables) which are in default or credit-impaired are assessed individually.

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

(v) Write-off

(a) Trade receivables

Trade receivables 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 Company.

Impairment losses on trade receivables 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 Company 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 Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of non-financial assets

Assets that have an indefinite useful life 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 asset except goodwill, are reviewed for possible reversal of impairment at each reporting date.

(d) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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 derivatives in a loss position which are measured at fair value through profit or loss.

For financial liabilities other than the 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 derivatives are recognised in profit or loss within other gains or losses, net. Net gains or losses on derivatives include exchange differences.

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

General and specific 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial liabilities (continued)

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially 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.

(e) 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 bring 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.

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 Company and the costs of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

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 Company are oil palm 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 lives which is estimated to be 22 years.

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 lives 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 summarised as follows:

Property, plant and equipment	Estimated useful lives (years)
Buildings, structures and renovations	5 to 50
Office and lab equipment, furniture and fittings	2 to 33
Motor vehicles	5 to 50
Plant and machinery	5 to 30
Bearer plants	
- Oil palm	22, or the lease term if shorter

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 on 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 profit or loss.

At each statement of financial position date, the Company assesses 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 material accounting policies Note 3(c) on impairment of non-financial assets.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) 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 material accounting policies Note 3(c) 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)
Software	3 to 5

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) Software relates to Information Technology ("IT") used.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Company. 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. 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)
Buildings	30 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 Company 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 profit or loss.

At each statement of financial position date, the Company assesses 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.

(h) Biological assets

Oil Palm

The Company attributes 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 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Biological assets (continued)

The valuation model adopted by the Company 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.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average and first-in first-out basis.

Nursery costs comprise costs of oil palm and the associated development costs incurred (for example fertilising and weeding) in preparing the nursery. Nursery costs relating to new planting are transferred to oil palm upon reaching a certain level of maturity, which is between 10 to 12 months for oil palm, while other types (resold or replanted) are charged to profit or loss.

The cost of raw materials, chemicals and stores, consumables and replaceable products includes purchase costs and the cost of bringing the inventories to their present location and condition. The costs of finished goods comprise raw material costs, direct labour, other direct costs and related production 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.

(j) Zakat

The Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Company 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 Company 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 Company’s financial results for the financial year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Current and deferred income tax

Tax expenses for the financial 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 country where the Company operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax basis 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Company'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.

Transactions and balances

Foreign currency transactions, if any, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(m) Revenue recognition

(i) Revenue from contracts with customers

The Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Revenue from sale of goods consists of selling agricultural produce in the form of Fresh Fruit Bunches ("FFB"). In the research, development and agri-services operations, the Company sells seedlings, rat poison, fertilisers, 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 Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the research services rendered 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 Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Expected volume rebates/incentives

Revenue from the sale of goods, certain goods may be sold with volume rebates/incentives comprising distribution incentive, insurance rebate, distribution rebate and special incentive based on sales volume. 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Receivables 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 liability is the Company's obligation to transfer goods or services to customers. A contract liability is recognised when the Company has received the sales consideration in advance or payments exceed the services rendered or the Company has billed the customer.

(ii) Revenue from other sources

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

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

(b) Finance income - 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Deposits, cash and bank balances

Deposits, cash and bank balances includes cash in hand, deposit held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Leases

The Company 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 Company.

(i) 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	40 to 99
Buildings	5 to 50

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

At each statement of financial position date, the Company assesses 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 material accounting policies Note 3(c) on impairment of non-financial assets.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

The Company as a lessee (continued)

(ii) 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 Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option, if any; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company, 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 assets 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 Company 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.

(iii) Lease term

In determining the lease term, the Company 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).

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

The Company as a lessee (continued)

(iii) Lease term (continued)

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 (iv) below).

(iv) Reassessment of lease liabilities

The Company 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.

A change in lease payments including rent concession, other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(v) 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.

The Company does 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

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

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Operating leases

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

(q) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

(iii) Defined benefit plan (continued)

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 the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service costs. The Company 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.

(iv) Termination benefits

The Company 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 Company has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(r) 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 transaction 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management policies

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

The Board of Directors has the overall responsibility for the oversight of financial risk management policies 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 Company's risk exposures.

Market risk

(i) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices.

Equity price risk

The Company is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity investments are listed on the Bursa Malaysia and classified as fair value through other comprehensive income.

The sensitivity analysis in relation to equity price risk is as follows:

		2024		2023	
Financial assets	Sensitivity factor	Impact to profit after tax	Impact to equity	Impact to profit after tax	Impact to equity
		RM	RM	RM	RM
Fair value through other comprehensive income					
- quoted	Share price varies by 5%	-	196,372	-	162,833
Total impact		-	196,372	-	162,833

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(i) Market price risk (continued)

Commodity price risk

The price of oil palm fresh fruit produce is dependent upon crude palm oil prices which is subject to fluctuations due to unpredictable factors such as weather, change in global demand, global production, crude oil prices and global production of similar and competitive crops. During the normal course of business, the value of the Company's open sales of oil palm fresh fruit produce changes continuously in line with the movement of the crude palm oil. The revenue of the Company is subject to price fluctuations in the commodity market. The Company does not use forward physical commodity futures to mitigate such risks.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company's income and operating cash flows are substantially independent of changes in market interest rates, as the Company's placement of fixed deposits and balances with intercompany (including loans) are mainly held at fixed interest rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at Fair Value through Other Comprehensive Income ("FVOCI") and deposits with banks and financial institutions, as well as credit exposures to from outstanding receivables.

The Company 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 and amounts due from intercompanies and related parties' exposure are closely monitored and continuously followed up.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

The 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.

(a) Impairment of financial assets

The Company's financial assets that are subject to the Expected Credit Loss ("ECL") model include receivables, loans due from intercompany, and amounts due from intercompanies 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.

(i) Trade receivables (inclusive of intercompany receivables) and trade amounts due from intercompanies using simplified approach

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

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

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.

(ii) Other receivables, loans due from intercompany using general 3-stage approach

The Company uses three categories for other receivables, loans due from intercompany 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

(a) Impairment of financial assets (continued)

Credit risk (continued)

(ii) Other receivables, loans due from intercompany using general 3-stage approach (continued)

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

Category	Company'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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

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

(b) Credit risk exposures

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

Liquidity risk

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

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

The table below summaries the maturity profile of the Company's financial liabilities based on the remaining period at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

	Less than 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	Over 5 years RM	Total RM
At 31 December 2024					
Payables	19,854,753	-	-	-	19,854,753
Amount due to penultimate holding company	1,297,734	-	-	-	1,297,734
Amount due to ultimate holding company	13,597,420	-	-	-	13,597,420
Amounts due to other related companies	6,276,249	-	-	-	6,276,249
Lease liabilities	14,271,382	14,245,360	41,538,847	126,825,550	196,881,139
Total undiscounted financial liabilities	55,297,538	14,245,360	41,538,847	126,825,550	237,907,295

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

	Less than 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	Over 5 years RM	Total RM
At 31 December 2023					
Payables	25,885,547	-	-	-	25,885,547
Amount due to penultimate holding company	1,394,382	-	-	-	1,394,382
Amount due to ultimate holding company	3,385,333	-	-	-	3,385,333
Amounts due to other related companies	10,724,248	-	-	-	10,724,248
Lease liabilities	14,271,382	14,271,382	42,029,767	140,579,990	211,152,521
Total undiscounted financial liabilities	55,660,892	14,271,382	42,029,767	140,579,990	252,542,031

The Company maintains sufficient liquidity by closely monitoring its cash flows. Any surplus cash held over and above amounts required for working capital management are invested in interest bearing current and fixed deposits with appropriate maturities to provide sufficient head-room as determined by its projected cash flows.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Capital risk management policies

The Company's primary objectives on capital management policies are to safeguard the Company'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 Company manages its capital structure, which comprises share capital and retained earnings, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2024.

As at 31 December 2024, the Company is not exposed to any capital risk as there are no outstanding borrowings made with financial institutions nor related companies.

(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); and
- 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 Company's financial assets that are measured at fair value at 31 December 2024 and 31 December 2023:

	Level 1 RM	Total RM
2024		
Assets		
Financial assets at FVOCI		
- Equity securities	3,927,437	3,927,437
2023		
Assets		
Financial assets at FVOCI		
- Equity securities	3,256,658	3,256,658

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

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 Company 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, classified as financial assets at fair value through other comprehensive income.

(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. The Company does not hold financial instruments that are included in Level 2.

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

(iii) Financial instruments in Level 3

The Company does not hold financial instruments that are included in Level 3.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Included in the lease liabilities and right-of-use assets of the Company are amounts relating to addition of leasehold building contract which the Directors currently in discussions with the land owner on the extension details.

For the purpose of the lease liabilities and right-of-use assets computation, the critical accounting estimates and judgements used by management for the addition amount included the lease extension term and the lease rate per year.

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6 REVENUE

The Company derive the following type of revenue:

	2024 RM	2023 RM
Revenue from contracts with customers	295,497,787	265,488,620
Disaggregation of revenue from contracts with customers:		
Sale of goods	285,594,028	255,896,620
Research services rendered	9,903,759	9,592,000
	295,497,787	265,488,620
Timing of revenue recognition:		
- at point in time	285,594,028	255,896,620
- over time	9,903,759	9,592,000
	295,497,787	265,488,620

7 OTHER OPERATING INCOME

	2024 RM	2023 RM
Dividend income from investment held at fair value through other comprehensive income	139,694	105,522
Rental income	1,957,416	1,935,625
Penalty income from contractor	22,362	53,749
Gain on disposal of property, plant and equipment	-	4,799
Fair value changes of biological assets (Note 20)	1,866,053	(344,879)
Others	442,263	299,251
	4,427,788	2,054,067

8 OTHER OPERATING EXPENSES

	2024 RM	2023 RM
Property, plant and equipment written off	263,880	25,285
Others	-	4
	263,880	25,289

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9 REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS (NET)

	2024 RM	2023 RM
Reversal of impairment on amounts due from intercompanies	81,256	71,917

10 FINANCE INCOME AND FINANCE COSTS

	2024 RM	2023 RM
Finance income:		
Profit share received from mudharabah accounts	320,925	172,263
Interest income from other related company	6,283,785	6,159,811
Total finance income	6,604,710	6,332,074
Finance costs:		
Interest on lease liabilities	(8,472,049)	(8,696,091)
Other finance costs	(40,371)	(8,480)
Total finance costs	(8,512,420)	(8,704,571)
Net finance income and finance costs	(1,907,710)	(2,372,497)

Other finance costs relate to charges incurred as part of the transactions incurred from operations.

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11 PROFIT BEFORE ZAKAT AND TAXATION

The following amounts have been charged/(credited) in arriving at profit before zakat and taxation:

	2024 RM	2023 RM
Auditors' remuneration	90,500	88,300
Directors' remuneration	75,000	90,000
Property, plant and equipment		
- Depreciation	15,689,851	15,258,382
- Write-off	263,880	25,285
- Gain on disposal	-	(4,799)
Amortisation of intangible assets	89,166	10,340
Depreciation of investment properties	39,448	39,448
Depreciation of right-of-use assets	8,664,881	8,877,662
Staff costs	88,482,675	79,531,357
Rental of low value assets	1,695,842	1,524,303
Short-term lease payments	46,473	41,721
Research expenses	28,137,067	25,372,233
Management fees charged by FGVH	10,470,653	9,972,051
Provision of remediation of recruitment fee	-	1,391,921
Cost of other planting materials sold	8,375,556	10,323,922
Cost of fresh fruit bunches sold	37,747,055	42,070,677
Repairs and maintenance cost	2,309,411	1,673,226
Cost of packaging and labelling	4,446,269	4,597,605
Donation to Yayasan Felda	643,000	-

Staff costs excluding Directors' remuneration are analysed as follows:

	2024 RM	2023 RM
Wages, salaries and bonus	79,559,251	70,890,887
Defined contribution plan	7,287,697	6,309,115
Defined benefit plan (Note 28)	387,533	1,230,227
Other benefits	1,248,194	1,101,128
	88,482,675	79,531,357

Staff costs included in cost of sales was RM49,347,637 (2023: RM44,014,811)

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12 ZAKAT

	2024 RM	2023 RM
Movement of zakat liability:		
At the beginning of the financial year	313,075	1,742,984
Zakat paid	(568,175)	(912,001)
Under/(Over) accrual of zakat liability in prior financial year	255,100	(830,983)
Current financial year's zakat expense	957,510	313,075
	957,510	313,075

13 TAXATION

	2024 RM	2023 RM
Malaysian income tax:		
- In respect of current financial year	1,449,962	1,535,458
- In respect of prior financial year	(1,469,678)	(104,143)
	(19,716)	1,431,315
Deferred tax (Note 26)	4,030,381	649,632
Taxation	4,010,665	2,080,947

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

	2024 RM	2023 RM
Profit before taxation and after zakat	44,638,110	24,913,520
Tax calculated at a tax rate of 24% (2023: 24%)	10,713,146	5,979,245
Tax effects of:		
- Income not subject to tax	(33,526)	(255,264)
- Expenses not deductible for tax purposes	498,617	642,065
- Under recognition of temporary differences in prior financial year	1,055,002	1,908,380
- Expenses entitled for double deductions	(6,752,896)	(6,089,336)
- Over provision of income tax in prior financial year	(1,469,678)	(104,143)
Taxation	4,010,665	2,080,947

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14 PROPERTY, PLANT AND EQUIPMENT

2024	Freehold land RM	Buildings, structures and renovations RM	Office and lab equipment, furniture and fittings RM	Motor vehicles RM	Plant and machinery RM	Asset under construction RM	Bearer plants RM	Total RM
Cost								
At 1 January	5,259,267	146,995,427	55,593,012	20,942,524	3,993,738	2,898,515	157,834,670	393,517,153
Additions	-	1,281,786	2,368,971	1,972,870	645,702	2,330,581	9,847,342	18,447,252
Write-off	-	(94,434)	(681,505)	(451,673)	(75,830)	-	(14,155,658)	(15,459,100)
Reclassification	-	1,947,902	325,964	-	-	(2,273,866)	-	-
At 31 December	5,259,267	150,130,681	57,606,442	22,463,721	4,563,610	2,955,230	153,526,354	396,505,305
Accumulated depreciation								
At 1 January	-	67,004,358	41,933,333	16,619,624	3,093,839	-	74,813,923	203,465,077
Charge for the financial year	-	4,706,088	3,834,570	1,345,628	144,748	-	5,658,817	15,689,851
Write-off	-	(94,434)	(681,265)	(432,774)	(75,829)	-	(13,910,918)	(15,195,220)
At 31 December	-	71,616,012	45,086,638	17,532,478	3,162,758	-	66,561,822	203,959,708
Accumulated impairment								
At 1 January/31 December	-	409,746	-	-	-	-	-	409,746
At 31 December	-	409,746	-	-	-	-	-	409,746
Net book value								
At 31 December	5,259,267	78,104,923	12,519,804	4,931,243	1,400,852	2,955,230	86,964,532	192,135,851

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023	Freehold land	Buildings, structures and renovations	Office and lab equipment, furniture and fittings	Motor vehicles	Plant and machinery	Asset under construction	Bearer plants	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 January	5,259,267	150,759,235	48,791,510	20,286,247	3,993,738	5,450,127	148,685,006	383,225,130
Additions	-	1,449,304	3,407,243	1,421,666	-	2,281,729	9,149,664	17,709,606
Write-off	-	(5,213,112)	(1,076,955)	(765,389)	-	-	-	(7,055,456)
Disposal	-	-	(143,960)	-	-	-	-	(143,960)
Reclassification	-	-	4,833,341	-	-	(4,833,341)	-	-
Transfer to intangible assset	-	-	(218,167)	-	-	-	-	(218,167)
At 31 December	5,259,267	146,995,427	55,593,012	20,942,524	3,993,738	2,898,515	157,834,670	393,517,153
Accumulated depreciation								
At 1 January	-	63,449,844	39,967,286	16,125,246	2,949,091	-	68,606,744	191,098,211
Charge for the financial year	-	4,605,361	3,043,331	1,257,763	144,748	-	6,207,179	15,258,382
Write-off	-	(1,050,847)	(957,317)	(763,385)	-	-	-	(2,771,549)
Disposal	-	-	(119,967)	-	-	-	-	(119,967)
At 31 December	-	67,004,358	41,933,333	16,619,624	3,093,839	-	74,813,923	203,465,077
Accumulated impairment								
At 1 January	-	4,555,068	-	-	113,300	-	-	4,668,368
Write-off	-	(4,145,322)	-	-	(113,300)	-	-	(4,258,622)
At 31 December	-	409,746	-	-	-	-	-	409,746
Net book value								
At 31 December	5,259,267	79,581,323	13,659,679	4,322,900	899,899	2,898,515	83,020,747	189,642,330

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants

Bearer plants comprised oil palm trees. Immature bearer plants are capitalised in capital work in progress.

	Mature oil palm RM	Immature oil palm RM	Total bearer plants RM
2024			
Cost			
At 1 January	136,625,240	21,209,430	157,834,670
Additions	-	9,847,342	9,847,342
Write-off	(14,155,658)	-	(14,155,658)
Reclassification from immature	7,296,866	(7,296,866)	-
At 31 December	129,766,448	23,759,906	153,526,354
Accumulated depreciation			
At 1 January	74,813,923	-	74,813,923
Charge for the financial year	5,658,817	-	5,658,817
Write-off	(13,910,918)	-	(13,910,918)
At 31 December	66,561,822	-	66,561,822
Net book value			
At 31 December	63,204,626	23,759,906	86,964,532
2023			
Cost			
At 1 January	117,533,228	31,151,778	148,685,006
Additions	-	9,149,664	9,149,664
Reclassification from immature	19,092,012	(19,092,012)	-
At 31 December	136,625,240	21,209,430	157,834,670
Accumulated depreciation			
At 1 January	68,606,744	-	68,606,744
Charge for the financial year	6,207,179	-	6,207,179
At 31 December	74,813,923	-	74,813,923
Net book value			
At 31 December	61,811,317	21,209,430	83,020,747

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15 INTANGIBLE ASSETS

	Software	
	2024	2023
	RM	RM
Cost		
At 1 January	440,026	-
Addition	19,550	221,859
Transfer from property, plant and equipment	-	218,167
As at 31 December	459,576	440,026
Accumulated amortisation		
At 1 January	10,340	-
Charge for the financial year	89,166	10,340
At 31 December	99,506	10,340
Net book value		
At 31 December	360,070	429,686

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16 INVESTMENT PROPERTIES

	Buildings	
	2024	2023
	RM	RM
Cost		
At 1 January/31 December	1,814,011	1,814,011
Accumulated depreciation		
At 1 January	1,458,980	1,419,532
Charge for the financial year	39,448	39,448
At 31 December	1,498,428	1,458,980
Net book value		
At 31 December	315,583	355,031

The fair value of the investment properties at 31 December 2024 was 9,997,000 (2023: RM9,603,000 for the Company based on independent valuation carried out by a registered professional value 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 – Company as a lessor

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

The following amounts have been recognised in profit or loss:

	2024	2023
	RM	RM
Rental income	236,504	236,504
Direct operating expenses arising from investment properties that generate rental income	8,869	60,810

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

	2024 RM	2023 RM
At 1 January	3,256,658	3,262,777
Fair value changes	670,779	(6,119)
At 31 December	3,927,437	3,256,658

The financial assets at FVOCI comprise the following:

	2024 RM	2023 RM
Quoted equity securities:		
- In Malaysia	3,927,437	3,256,658

The Company elected to present the investments at FVOCI as these investments are not held for trading. All financial assets at FVOCI are denominated in Ringgit Malaysia.

The fair values of quoted equity securities are based on quoted market prices listed in Bursa Malaysia Securities Berhad at the date of statement of financial position and is a Level 1 fair value computation.

18 RIGHT-OF-USE ASSETS

2024	Leasehold land RM	Building RM	Total RM
Cost			
At 1 January/ 31 December	242,721,361	3,405,916	246,127,277
Accumulated depreciation			
At 1 January	73,830,752	2,029,545	75,860,297
Charge for the financial year	8,289,507	375,374	8,664,881
At 31 December	82,120,259	2,404,919	84,525,178
Net book value			
At 31 December	160,601,102	1,000,997	161,602,099

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18 RIGHT-OF-USE ASSETS (CONTINUED)

2023	Leasehold land RM	Building RM	Total RM
At 1 January	242,639,011	3,405,916	246,044,927
Remeasurement	82,350	-	82,350
At 31 December	242,721,361	3,405,916	246,127,277
Accumulated depreciation			
At 1 January	65,328,464	1,654,171	66,982,635
Charge for the financial year	8,502,288	375,374	8,877,662
At 31 December	73,830,752	2,029,545	75,860,297
Net book value			
At 31 December	168,890,609	1,376,371	170,266,980

In determining the lease term, the Company considered the useful life of bearer plants planted on the right-of-use assets and had included the extension options in the lease term, as it was reasonably certain that the Company will extend the contract until the end of the useful life of bearer plants.

Total cash outflows for leases of the Company are as follows:

	2024 RM	2023 RM
Payment of lease liabilities	14,223,807	14,191,114
Rental of low value assets	1,695,842	1,524,303
Short-term lease payments	46,473	41,721
	15,966,122	15,757,138

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19 INVENTORIES

	2024 RM	2023 RM
Finished goods for resale	1,741,882	1,744,168
Nursery seedling	16,875,709	13,811,936
Raw materials and chemicals	3,773,234	3,611,195
Stores, consumables and replaceable products	7,645,468	7,602,676
	30,036,293	26,769,975

The cost of inventories recognised as an expense and included in cost of sales amounted to RM46,122,611 (2023: RM52,394,599).

20 BIOLOGICAL ASSETS

	2024 RM	2023 RM
At 1 January	4,024,972	4,369,851
Fair value changes	1,866,053	(344,879)
At 31 December	5,891,025	4,024,972

Oil Palm

Oil palm represents the Fresh Fruit Bunches ("FFB") of up to 15 days prior to harvest for sale. During the financial year ended 31 December 2024, the Company harvested approximately 202,287 Metric Tonnes ("MT") of FFB (2023: 179,619 MT). The quantity of unharvested FFB of the Company as at 31 December 2024 included in the fair valuation of FFB was 6,741 MT (2023: 7,752 MT).

In arriving at the fair value, the Company 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 Company biological assets computation is a Level 3 fair value estimation.

If the selling prices of FFB or tonnage changed by 10%, the Company's fair value changes in FFB would have increased or decreased by approximately RM705,592 (2023: RM564,736).

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21 RECEIVABLES

	2024 RM	2023 RM
Trade receivables	5,456,376	5,807,851
Other receivables	1,040,519	930,230
Deposits	1,099,486	981,562
	7,596,381	7,719,643

Credit terms of trade receivables are between 30 and 60 days (2023: 30 and 60 days).

All receivables were denominated in Ringgit Malaysia.

The Company has assessed expected credit loss on its receivables as per Note 4 and determined the expected credit loss risk to be minimal.

22 LOAN DUE FROM OTHER RELATED COMPANY

	2024 RM	2023 RM
Loan due from other related company	181,993,954	181,987,672

Loan due from other related company is unsecured, receivable within one year, has an option to rollover, bears interest at a rate between 3.55% to 3.70% (2023: 2.78% to 3.80%) per annum and is denominated in Ringgit Malaysia.

The expected credit loss of the loan due from other related company was deemed immaterial as at the end of the current and previous financial years.

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23 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, PENULTIMATE HOLDING COMPANY, A CORPORATE SHAREHOLDER, OTHER RELATED COMPANIES AND OTHER RELATED PARTY

	2024 RM	2023 RM
Amounts due from:		
Ultimate holding company	65,766	113,237
A corporate shareholder	46,497	255,406
Other related companies	27,230,321	29,571,084
Other related party	3,508,287	4,604,349
	30,850,871	34,544,076
Loss allowances:		
Ultimate holding company	(3,179)	(5,432)
Other related party	(199,065)	(278,068)
	(202,244)	(283,500)
	30,648,627	34,260,576
Amounts due to:		
Ultimate holding company	13,597,420	3,385,333
Penultimate holding company	1,297,734	1,394,382
Other related companies	8,341,421	10,724,248
	23,236,575	15,503,963

Amounts due from/(to) ultimate holding company, penultimate holding company, a corporate shareholder, other related companies and other related party are denominated in Ringgit Malaysia.

These amounts are unsecured, interest free and have no fixed terms of repayment except for trade related transactions which have credit terms ranging from 30 to 60 days (2023: 30 to 60 days).

The expected credit loss of the amounts due from related companies was deemed immaterial as at the end of the current and previous financial years.

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23 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, PENULTIMATE HOLDING COMPANY, A CORPORATE SHAREHOLDER, OTHER RELATED COMPANIES AND OTHER RELATED PARTY (CONTINUED)

(a) Reconciliation of loss allowance

Trade amounts due from ultimate holding company, a corporate shareholder, other related companies and other related party using simplified approach

The loss allowance for trade amounts due from intercompanies as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Non-credit impaired	Credit impaired	Total
	RM	RM	RM
At 1 January 2023	355,417	-	355,417
Decrease in loss allowance during the financial year	(71,917)	-	(71,917)
At 31 December 2023	283,500	-	283,500
Decrease in loss allowance during the financial year	(81,256)	-	(81,256)
At 31 December 2024	202,244	-	202,244

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

2024	Non-credit impaired	Credit impaired	Total
	RM	RM	RM
Gross carrying amount	30,850,871	-	30,850,871
Loss allowance	(202,244)	-	(202,244)
Carrying amount (net of loss allowance)	30,648,627	-	30,648,627

2023	Non-credit impaired	Credit impaired	Total
	RM	RM	RM
Gross carrying amount	34,544,076	-	34,544,076
Loss allowance	(283,500)	-	(283,500)
Carrying amount (net of loss allowance)	34,260,576	-	34,260,576

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24 DEPOSITS, CASH AND BANK BALANCES

	2024 RM	2023 RM
Placement in mudharabah accounts:		
- Financial institutions	38,000,000	13,000,000
Deposits	38,000,000	13,000,000
Cash and bank balances	746,997	691,947
Cash and cash equivalents	38,746,997	13,691,947

All placements in mudharabah accounts, cash and bank balances are denominated in Ringgit Malaysia.

The weighted average profit share rate of placement in mudharabah accounts that were effective at the financial year end were as follows:

	2024 % per annum	2023 % per annum
Financial institutions	3.03	3.02

Placement in mudharabah accounts as at 31 December 2024 has an average maturity period of 31 days (2023: 31 days). Bank balances are deposits held at call with banks and earn no interest.

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25 SHARE CAPITAL

	2024 Number of shares	2023 Number of shares	2024 RM	2023 RM
Issued and fully paid up:				
Ordinary shares with no par value				
At 1 January/31 December	65,000,000	65,000,000	167,987,332	167,987,332

26 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:

	Note	2024 RM	2023 RM
Subject to income tax:			
- Deferred tax liabilities		27,346,806	23,316,425
At 1 January		23,316,425	22,666,793
(Charged)/Credited to profit or loss:	13		
- property, plant and equipment		2,503,749	240,043
- provisions		(446,497)	1,082,162
- biological assets		447,853	(82,771)
- lease liabilities		1,372,940	1,306,523
- right-of-use assets		(2,079,571)	(2,110,875)
- unused business losses		2,231,907	214,550
		4,030,381	649,632
At 31 December		27,346,806	23,316,425

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26 DEFERRED TAXATION (CONTINUED)

	2024 RM	2023 RM
Deferred tax assets:		
- provisions	2,773,212	2,326,715
- lease liabilities	40,592,603	41,965,543
- unused business losses	9,221,459	11,453,366
Amount before offsetting	52,587,274	55,745,624
Offsetting	(52,587,274)	(55,745,624)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities:		
- property, plant and equipment	39,735,730	37,231,981
- right-of-use assets	38,784,504	40,864,075
- biological assets	1,413,846	965,993
Amount before offsetting	79,934,080	79,062,049
Offsetting	(52,587,274)	(55,745,624)
Deferred tax liabilities (after offsetting)	27,346,806	23,316,425

27 LEASE LIABILITIES

	2024 RM	2023 RM
As at 1 January	174,887,603	180,300,276
Interest on lease liabilities	8,472,049	8,696,091
Repayments	(14,223,807)	(14,191,114)
Remeasurement	-	82,350
As at 31 December	169,135,845	174,887,603

	2024 RM	2023 RM
- Non-current	163,155,160	169,198,008
- Current	5,980,685	5,689,595
	169,135,845	174,887,603

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28 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates defined benefit retirement plans in Malaysia for all eligible employees. All of the plans are lump sum payments depending on members' length of service and their salary in the final year leading up to retirement. As the retirement benefit plans are unfunded, the Company meets the defined benefit payment obligations as it falls due.

	2024 RM	2023 RM
Retirement benefit plan	1,761,142	1,677,652
Long service award	1,243,424	1,193,209
	3,004,566	2,870,861

The movements during the financial year in the amounts recognised in the statement of financial position of the Company are as follows:

	2024 RM	2023 RM
Present value of unfunded obligation:		
At 1 January	2,870,861	1,807,151
Remeasurement	75,360	75,733
Charged to profit or loss (Note 11)	387,533	1,230,227
Benefit paid	(329,188)	(242,250)
At 31 December	3,004,566	2,870,861

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

	2024 RM	2023 RM
Remeasurement:		
- Changes in financial assumptions	51,676	107,737
- Experience adjustments	23,684	(32,004)
	75,360	75,733

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28 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in profit or loss are as follows:

	2024 RM	2023 RM
Current service cost	161,468	137,746
Past service cost	-	942,292
Actuarial gain	98,300	8,107
Interest cost	126,937	126,268
Business transfers	828	15,814
Expense recognised in profit or loss	387,533	1,230,227

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

	2024 %	2023 %
Discount rate	4.40	4.70
Expected rate of salary increase	5.00	5.00

The sensitivity of the defined benefit obligation to changes in the principal assumptions are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption RM	Decrease in assumption RM
Discount rate	1%	(240,881)	(225,341)
Salary growth rate	1%	72,643	72,875

The above sensitivity analysis is 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 did not change compared to the previous financial year.

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28 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The weighted average duration of the defined benefit obligation is 41 years (2023: 41 years).

The expected maturity analysis of undiscounted retirement benefit is as follows:

2024	Less than a year RM	Between 1 – 2 years RM	Between 2 – 5 years RM	Over 5 years RM	Total RM
Provision for defined benefit plan	213,575	321,261	835,033	6,997,626	8,367,495
2023					
Provision for defined benefit plan	296,279	204,437	819,580	7,041,820	8,362,116

29 PAYABLES

	2024 RM	2023 RM
Trade payables	109,594	700,247
Other payables	13,571,671	15,585,509
Accruals	15,850,446	7,935,346
Security deposits	654,383	1,002,375
Other deposits	351,434	156,261
Retention sum	687,883	505,809
	31,225,411	25,885,547

All payables are denominated in Ringgit Malaysia.

Credit terms of trade payables are between 30 and 60 days (2023: 30 and 60 days).

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

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30 CONTRACT LIABILITIES

	2024 RM	2023 RM
At 1 January	797,771	961,488
Revenue recognised that was included in the contract liabilities balance at the beginning of financial year	(797,771)	(961,488)
Cash received for unfulfilled obligations	1,042,863	797,771
At 31 December	1,042,863	797,771

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.

	2024 RM	2023 RM
Revenue recognised that was included in the contract liability balance at the beginning of the financial year		
- Sales of planting material	737,916	930,312
- Sales of finished goods	59,855	31,176
	797,771	961,488

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting date, of which the Company expects to recognise is RM1,042,863 (2023: RM797,771).

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31 DIVIDEND

Dividends declared and paid are as follows:

	2024		2023	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	sen	RM	sen	RM
Interim single-tier dividend for the financial year ended 31 December 2024;				
- paid on 1 April 2024	38	24,700,000	-	-
- paid on 25 September 2024	10	6,500,000	-	-
Interim single-tier dividend for the financial year ended 31 December 2023;				
- paid on 18 July 2023	-	-	20	13,000,000
- paid on 15 December 2023	-	-	5	3,250,000
	48	31,200,000	25	16,250,000

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate holding is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Company has 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 Company's business on terms consistently applied in accordance with the Company's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

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32 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding company
FGV Holdings Berhad ("FGVH")	Penultimate holding company
Felda Holdings Berhad ("FHB")	Immediate holding company
Koperasi Permodalan Felda Berhad ("KPF")	A corporate shareholder
Felda Plantation Management Sdn Bhd ("Technoplant")	Subsidiary of FELDA
FGV Trading Sdn Bhd ("FGVT")	Subsidiary of FGVH
FGV Plantations (Malaysia) Sdn Bhd ("FGVPM")	Subsidiary of FGVH
FGV Capital Sdn Bhd ("FGVC")	Subsidiary of FGVH
FGV R&D Sdn Bhd ("FGVR&D")	Subsidiary of FGVH
FGV Transport Services Sdn Bhd ("FGVTSSB")	Subsidiary of FGVH
Pontian Orico Plantations Sdn Bhd ("ORICO")	Subsidiary of FGVH
FGV Security Services Sdn Bhd ("FSSSB")	Subsidiary of FGVH
FGV Prodata Systems Sdn Bhd ("FPSSB")	Subsidiary of FGVH
FGV Fertiliser Sdn Bhd ("FFSB")	Subsidiary of FGVH
FGV Travel Sdn Bhd ("Travel")	Subsidiary of FGVH

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

(a) Transactions with related parties

	2024 RM	2023 RM
Sales of goods:		
FELDA	38,499	19,064
FGVPM	24,778,701	35,897,382
Technoplant	12,791,484	13,765,248
ORICO	464,191	578,050
FGVT	176,686,523	136,357,527
Rendering of services:		
FELDA	3,453,709	3,640,003
FGVPM	3,592,920	3,647,964
Technoplant	734,613	754,826
FGVR&D	577,893	410,030
Purchase of goods:		
FFSB	18,510,108	24,487,020

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32 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	2024 RM	2023 RM
Purchase of services:		
FSSSB	2,737,126	2,482,777
FGVTSSB	1,594,364	2,168,305
Travel	934,911	779,159
FGVR&D	28,137,067	25,372,233
FGVH	10,470,653	9,972,051
FPSSB	374,126	1,009,871
Rental of buildings, computers and peripherals:		
FPSSB	1,303,782	670,385
Rental of land:		
FELDA	13,647,140	13,647,140
Dividend paid/payable:		
FHB	24,000,000	12,500,000
KPF	7,200,000	3,750,000
Interest income:		
FGVC	6,283,785	6,159,811
Loan (repayment)/disbursement		
FGVC	(411,672)	(18,688,328)

(b) Transactions with penultimate holding company

	2024 RM	2023 RM
Management fees charged by FGVH	10,470,653	9,972,051

The amounts that remained outstanding as at the end of the reporting period in respect of transactions with related parties are shown in Notes 23 to the financial statements.

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32 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

Key management personnel comprise Directors and general managers and above of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

The aggregate amount of emoluments received/receivable by key management personnel of the Company during the financial year is as follows:

	2024	2023
	RM	RM
Salaries and other short-term employee benefits	1,434,936	1,726,394
Defined contribution plan	251,946	287,814
Others	160,584	130,009
	1,847,466	2,144,217

33 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	2024	2023
	RM	RM
Property, plant and equipment:		
- Approved and contracted for	599,598	942,900

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34 FINANCIAL INSTRUMENTS

Classification of financial instruments:

	31 December 2024		
	Amortised cost	Financial assets at FVOCI	Total
	RM	RM	RM
Financial assets			
Financial assets at FVOCI	-	3,927,437	3,927,437
Receivables	7,596,381	-	7,596,381
Loan due from a related company	181,993,954	-	181,993,954
Amount due from a corporate shareholder	46,497	-	46,497
Amount due from ultimate holding company	62,587	-	62,587
Amounts due from other related companies	27,230,321	-	27,230,321
Amount due from other related party	3,309,222	-	3,309,222
Deposits, cash and bank balances	38,746,997	-	38,746,997
Total financial assets	258,985,959	3,927,437	262,913,396
Financial liabilities			
Payables	19,854,753	-	19,854,753
Amount due to penultimate holding company	1,297,734	-	1,297,734
Amount due to ultimate holding company	13,597,420	-	13,597,420
Amounts due to other related companies	8,341,421	-	8,341,421
Lease liabilities	169,135,845	-	169,135,845
Total financial liabilities	212,227,173	-	212,227,173

Registration No.
199501024586 (353791-M)

FGV AGRI SERVICES SDN BHD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

34 FINANCIAL INSTRUMENTS (CONTINUED)

Classification of financial instruments (continued):

	31 December 2023		
	Amortised cost RM	Financial assets at FVOCI RM	Total RM
Financial assets			
Financial assets at FVOCI	-	3,256,658	3,256,658
Receivables	7,719,643	-	7,719,643
Loan due from a related company	181,987,672	-	181,987,672
Amount due from a corporate shareholder	255,406	-	255,406
Amount due from ultimate holding company	107,805	-	107,805
Amounts due from other related companies	29,571,084	-	29,571,084
Amount due from other related party	4,326,281	-	4,326,281
Deposits, cash and bank balances	13,691,947	-	13,691,947
Total financial assets	237,659,838	3,256,658	240,916,496
Financial liabilities			
Payables	25,885,547	-	25,885,547
Amount due to penultimate holding company	1,394,382	-	1,394,382
Amount due to ultimate holding company	3,385,333	-	3,385,333
Amounts due to other related companies	10,724,248	-	10,724,248
Lease liabilities	174,887,603	-	174,887,603
Total financial liabilities	216,277,113	-	216,277,113

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2025.

Registration No.

199501028512 (357718-K)

FGV TRANSPORT SERVICES SDN. BHD.

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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Registration No.
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FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

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Registration No.
199501028512 (357718-K)

FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Fakhrunniam Bin Othman	
Aznur Kama Binti Azmir	
Dato' Muhamad Rizal Bin Abdul Rahim	(Appointed on 27.12.2024)
Razuwan Bin Che Rose	(Resigned on 27.12.2024)

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of transportation liquid and general cargo, courier, forwarding and jetty operation services.

There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Net profit for the financial year	7,804,159

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since the end of the previous financial year are as follows:

	RM
In respect of the financial year ended 31 December 2024:	
- First interim single tier dividend of 10 sen per share, paid on 25.3.2024	3,000,000
- Second interim single tier dividend of 5 sen per share, paid on 30.8.2024	1,500,000
	4,500,000

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

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FGV TRANSPORT SERVICES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premium paid, during the financial year and during the period from the end of the financial year to the date of the report, for any person who is or has been Director, and Officers of the Company.

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, other than as disclosed in the Directors' Interest in Shares and Debentures.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than 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 holding companies or subsidiaries of the holding companies during the financial year except as follows:

Shareholdings in FGV Holdings Berhad ("FGVH"), intermediate holding company

	Number of ordinary shares			
	At 1.1.2024	Acquired	Disposed	At 31.12.2024
Fakhrunniam Bin Othman	1,800	-	-	1,800

Shareholdings in MSM Malaysia Holdings Berhad, subsidiary of intermediate holding company

	Number of ordinary shares			
	At 1.1.2024	Acquired	Disposed	At 31.12.2024
Aznur Kama Azmir	700	-	-	700

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FGV TRANSPORT SERVICES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024
	RM
Audit fee	78,500

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024
	RM
Fees	54,000

IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Felda Holdings Bhd. ("FHB"), FGVH and Federal Land Development Authority ("FELDA") as the immediate, intermediate and ultimate holding companies/body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 Company had been written down to an amount which the current assets might be expected so to realise.

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FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 Company to meet its obligations when they fall due.

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

(a) any charge on the assets 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 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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 Company for the financial year in which this report is made.

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FGV TRANSPORT SERVICES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

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 13 May 2025. Signed on behalf of the Board of Directors:

FAKHRUNNIAM BIN OTHMAN DIRECTOR	AZNUR KAMA BINTI AZMIR DIRECTOR

Kuala Lumpur

Registration No.
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FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

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

We, Fakhrunniam Bin Othman and Aznur Kama Binti Azmir , two of the Directors of FGV Transport Services Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 78 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance and cash flows 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 13 May 2025.

FAKHRUNNIAM BIN OTHMAN DIRECTOR	AZNUR KAMA BINTI AZMIR DIRECTOR

Kuala Lumpur

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

I, Abdul Rahim Bin Ahmad, the Officer primarily responsible for the financial management of FGV Transport Services Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 78 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.

ABDUL RAHIM BIN AHMAD
MIA membership no. 21194

Subscribed and solemnly declared by the above named Abdul Rahim Bin Ahmad in Kuala Lumpur on 13 May 2025 before me.

PESURUHJAYA SUMPAH
A-W 523
RAZMAN BIN MOHD AKHIR
BAHAGIAN PENGURUSAN FASILITI
JABATAN LOGISTIK & TEKNOLOGI
IBU PEJABAT POLIS KONTINJEN
KUALA LUMPUR
01 JULAI 2023 - 30 JUN 2026
MALAYSIA

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)
Registration No. 199501028512 (357718-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Transport Services Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 11 to 78.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV TRANSPORT SERVICES SDN. BHD. (CONTINUED)

(Incorporated in Malaysia)
Registration No. 199501028512 (357718-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV TRANSPORT SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028512 (357718-K)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV TRANSPORT SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028512 (357718-K)

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

KHAIRUL AZHAR BIN NORHAN
03750/06/2025 J
Chartered Accountant

Kuala Lumpur
13 May 2025

Registration No.
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FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
Revenue	5	312,854,367	265,144,526
Cost of sales		(269,640,395)	(233,605,199)
Gross profit		43,213,972	31,539,327
Other operating income	6	2,423,989	3,524,927
Selling and distribution costs		(15,506)	(460)
Administrative expenses		(32,171,852)	(31,415,142)
(Impairment loss)/Reversal of impairment on financial assets (net)	7	(1,572,193)	901,373
Operating profit		11,878,410	4,550,025
Finance income	9	1,267,704	1,462,152
Finance cost	10	(2,332,740)	(1,162,220)
Profit before zakat and taxation	8	10,813,374	4,849,957
Zakat	12	(61,270)	(110,574)
Taxation	13	(2,947,945)	(2,288,482)
Net profit for the financial year		7,804,159	2,450,901
Other comprehensive loss, net of tax:			
<u>Item that will not be reclassified to profit or loss</u>			
Actuarial loss on defined benefit plan	29	(20,065)	(50,675)
Total comprehensive income for the financial year		7,784,094	2,400,226

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FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	15	133,341,575	147,972,252
Right-of-use assets	16	8,972,956	5,174,340
Investment properties	17	904,794	970,005
Financial assets at fair value through profit or loss	18	-	-
		143,219,325	154,116,597
Current assets			
Inventories	21	2,093,118	2,446,385
Receivables	19	28,727,040	10,966,973
Contract assets	20	3,253,818	1,947,589
Tax recoverable		-	12,143
Loans due from other related company	22	18,531,364	37,063,215
Amount due from ultimate holding body	23	477,689	570,254
Amount due from intermediate holding company	23	33,343	4,278
Amount due from a significant shareholder	23	-	1,845
Amounts due from other related companies	23	62,775,164	61,017,449
Deposits, cash and bank balances	24	46,346,724	21,936,178
		162,238,260	135,966,309
Total assets		305,457,585	290,082,906

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FGV TRANSPORT SERVICES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	25	57,591,952	57,591,952
Retained earnings		129,396,121	126,112,027
Total equity		186,988,073	183,703,979
Non-current liabilities			
Lease liabilities	26	4,002,562	1,026,151
Hire purchase liabilities	27	40,189,894	31,685,999
Deferred tax liabilities	28	9,491,669	9,464,173
Provision for defined benefit plan	29	1,446,409	1,430,107
		55,130,534	43,606,430
Current liabilities			
Payables	30	39,238,520	47,402,037
Contract liabilities	31	1,216,007	714,939
Hire purchase liabilities	27	17,113,468	10,979,866
Lease liabilities	26	2,318,778	653,334
Tax payable		1,045,110	-
Amount due to ultimate holding body	23	253,690	44,472
Amount due to intermediate holding company	23	1,210,939	623,122
Amount due to a significant shareholder	23	350	12,369
Amounts due to other related companies	23	942,116	2,342,358
		63,338,978	62,772,497
Total liabilities		118,469,512	106,378,927
Total equity and liabilities		305,457,585	290,082,906

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FGV TRANSPORT SERVICES SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM	Distributable Retained earnings RM	Total equity RM
2024				
At 1 January 2024		57,591,952	126,112,027	183,703,979
Net profit for the financial year		-	7,804,159	7,804,159
Other comprehensive loss, net of tax:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan		-	(20,065)	(20,065)
Total comprehensive income for the financial year		-	7,784,094	7,784,094
Transaction with owners				
Dividends paid for financial year ended 31 December 2024	12	-	(4,500,000)	(4,500,000)
At 31 December 2024		57,591,952	129,396,121	186,988,073
2023				
At 1 January 2023		57,591,952	132,711,801	190,303,753
Net profit for the financial year		-	2,450,901	2,450,901
Other comprehensive loss, net of tax:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan		-	(50,675)	(50,675)
Total comprehensive income for the financial year		-	2,400,226	2,400,226
Transaction with owners				
Dividends paid/payable for financial year ended 31 December 2023	12	-	(9,000,000)	(9,000,000)
At 31 December 2023		57,591,952	126,112,027	183,703,979

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FGV TRANSPORT SERVICES SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	7,804,159	2,450,901
Adjustments for:		
Taxation	2,947,945	2,288,482
Zakat	61,270	110,574
Property, plant and equipment:		
- depreciation	21,374,496	17,871,908
- write offs	216,915	250,816
- gain on disposal	(1,112,034)	(1,415,288)
Depreciation of right-of-use assets	2,819,293	1,978,596
Depreciation of investment properties	65,211	58,852
Provision for defined benefit plan	174,767	571,623
Impairment/(reversal of impairment) on financial assets (net)	1,572,193	(901,373)
Finance income	(1,267,704)	(1,462,152)
Finance cost	2,332,740	1,162,220
	36,989,251	22,965,159
Changes in working capital:		
Inventories	353,267	(508,922)
Receivables and contract assets	(20,616,301)	6,920,692
Intercompany	(2,329,783)	59,294,243
Payables and contract liabilities	17,443,788	14,617,385
Cash generated from operations	31,840,222	103,288,557
Zakat paid	(61,270)	(110,574)
Retirement benefits paid	(178,530)	(181,221)
Tax paid	(1,863,196)	(2,164,055)
Net cash generated from operating activities	29,737,226	100,823,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,960,734)	(30,868,847)
Interest received	1,267,704	1,462,152
Proceeds from sale of property, plant and equipment	1,112,034	1,415,288
Loans given to other related company	(18,531,364)	(37,063,215)
Repayment of loan due from other related company	37,063,215	-
Net cash generated from/(used in) investing activities	13,950,855	(65,054,662)

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FGV TRANSPORT SERVICES SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	2024 RM	2023 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of lease liabilities	(1,976,054)	(1,753,661)
Interest payment of lease liabilities	(828,740)	(137,547)
Principal payments of hire purchase liabilities	(10,468,740)	(10,948,272)
Interest payment of hire purchase liabilities	(1,504,000)	(1,024,673)
Dividend paid to shareholders	(4,500,000)	(13,500,000)
Net cash used in financing activities	(19,277,534)	(27,364,153)
NET CHANGES IN CASH AND CASH EQUIVALENTS	24,410,547	8,413,932
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	21,936,178	13,522,246
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 24)	46,346,725	21,936,178

(a) The non-cash transactions during the financial year are as follows:

Purchases of property, plant and equipment on hire purchase

	2024 RM	2023 RM
Total purchase of property, plant and equipment during the financial year	(6,960,734)	(57,842,156)
Less: Purchases settled using hire purchase or remain unpaid	-	26,973,309
Net cash used in purchase of property, plant and equipment	(6,960,734)	(30,868,847)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

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

	Lease liabilities RM	Hire purchase liabilities RM	Total RM
2024			
As at 1 January	1,679,485	42,665,865	44,345,350
Non-cash changes:			
Additions	6,617,909	25,106,237	31,724,148
Interest accretion	828,740	1,504,000	2,332,740
Cash flows:			
Repayments	(2,804,794)	(11,972,740)	(14,777,537)
As at 31 December	6,321,340	57,303,362	59,439,722
2023			
As at 1 January	3,433,146	26,640,828	30,073,974
Non-cash changes:			
Additions	-	26,973,309	26,973,309
Interest accretion	137,547	1,024,673	1,162,220
Cash flows:			
Repayments	(1,891,208)	(11,972,945)	(13,864,153)
As at 31 December	1,679,485	42,665,865	44,345,350

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are the provision of transportation liquid and general cargo, courier, forwarding and jetty operations.

There were no significant changes in the nature of these activities during the financial year.

The Directors regard Felda Holdings Bhd. ("FHB"), FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate, intermediate and ultimate holding companies/body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Registered office:	Principal place of business:
Level 21, Wisma FGV	Level 6 East, Wisma FGV
Jalan Raja Laut	Jalan Raja Laut
50350 Kuala Lumpur	50350 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies in Note 3 to the financial statements.

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

It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

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

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2025. The Company has not early adopted these new standards and amendments. None of these is expected to have a significant effect on the financial statements of the Company, except for the following set out below:

Effective annual periods beginning on or after 1 January 2027

- MFRS 18 'Presentation and Disclosure in Financial Statements' which aims to enhance the financial reporting quality and replaces MFRS 101 'Presentation of Financial Statements'. The new standard introduces a new structure of profit or loss statement whereby income and expenses are classified into 3 new main categories:
  i. Operating category which typically includes results from the main business activities
  ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  iii. Financing category that presents income and expenses from financing liabilities (such as bank borrowings and lease liabilities)

  The standard also requires the entity to present specific totals and subtotals in the statement of profit or loss, specifies the disclosure of management-defined performance measures as well as the aggregation and disaggregation of information in the financial statements and accompanying notes.

  MFRS 18 will be applied retrospectively. The Company is currently assessing the financial impact that may arise from the adoption of the above amendments to published standards.

2 BASIS OF PREPARATION (CONTINUED)

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

Accounting pronouncements that are currently being assessed by the Company:

<u>Effective for annual periods beginning on or after 1 January 2025</u>

- Amendments to MFRS 121 on 'Lack of Exchangeability'

<u>Effective for annual periods beginning on or after 1 January 2026</u>

- Amendments to MFRS 9 and MFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

<u>Effective for annual periods beginning on or after 1 January 2027</u>

- MFRS 19 "Subsidiaries without Public Accountability: Disclosures"

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Company.

3 MATERIAL ACCOUNTING POLICIES

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

(a) Financial assets

<u>Classification</u>

The Company classifies its financial assets in the following categories:

(i) those to be measured subsequently at fair value (either through profit or loss or other comprehensive income)
(ii) and 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 Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss ("FVTPL").

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company 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 Company has transferred substantially all the risks and rewards of ownership.

Measurement

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

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

(i) Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

(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.

(ii) Equity instruments

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in profit or loss as applicable.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment

(i) Impairment of debt instruments

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

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

- Trade receivables and trade amounts due from intercompany
- Other receivables and non-trade amounts due from intercompany
- Contract assets

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

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

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

(a) Simplified approach for trade receivables, trade amounts due from intercompanies and contract assets

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables, amounts due from intercompany 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(i) Impairment of debt instruments (continued)

(b) General 3-stage approach for other receivables and non-trade amounts due from intercompanies

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months 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.

(ii) Significant increase in credit risk

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

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

The Company 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 Company considers the following instances:

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

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

(iv) Groupings of instruments for ECL measurement

(a) Collective assessment

To measure ECL, trade receivables, trade amounts due from intercompany and contract assets arising from the Company have been grouped based on the days past due and shared credit risk characteristics.

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 Company 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, trade amounts due from intercompany and contract assets which are in default or credit-impaired are assessed individually.

Other receivables and non-trade amounts due from intercompany are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Impairment (continued)

(v) Write-off

(a) Trade receivables, trade amounts due from intercompany and contract assets

Trade receivables, trade amounts due from intercompany 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.
Impairment losses on trade receivables and trade amounts due from intercompany 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 Company 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 Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(b) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Company 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 are measured at fair value through profit or loss.

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

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial liabilities (continued)

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.

(c) 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. 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 Company 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 year 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

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	14 to 50
Motor vehicles	6 to 10
Furniture and fittings	2 to 10
Jetty	25

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 profit or loss.

At each statement of financial position date, the Company 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 material accounting policies Note 3(g) on impairment of non-financial assets.

(d) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Company. 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. 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 lands	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 Company 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 profit or loss.

At each statement of financial position date, the Company 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 material accounting policies Note 3(g) on impairment of non-financial assets.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases

The Company 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 Company.

(i) 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 lands	50 to 99
Buildings, jetty, structures and renovation	10 to 50

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

At each statement of financial position date, the Company 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 material accounting policies Note 3(g) on impairment of non-financial assets.

(ii) 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 Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option, if any; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option, if any.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The Company as a lessee (continued)

(ii) Lease liabilities (continued)

Payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company, 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 assets 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 Company 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.

(iii) Lease term

In determining the lease term, the Company 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 Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 (iv) below).

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

The Company as a lessee (continued)

(iv) Reassessment of lease liabilities

The Company 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.

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(v) 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.

The 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

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

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Operating leases

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

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

(g) Impairment of non-financial assets

Assets that have an indefinite useful life 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 are reviewed for possible reversal of impairment at each reporting date. Any subsequent increase of impairment is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Zakat

The Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Company has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when Company 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 Company'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.

(i) 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 Company 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 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition

(i) Revenue from contracts with customers

Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 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.

Revenue from inland transportation, courier, warehousing, freight and forwarding services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from jetty operation services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition (continued)

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the 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 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).

(k) 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.

(l) Deposits, cash and bank balances

Deposits, cash and bank balances includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) 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 Company 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.

The Company operates a 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 Company 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(iii) Defined benefit plan (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged/(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.

(n) Share capital

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

(o) Provisions

Provisions are recognised when:

- the Company 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of the Company 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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Transaction differences on non-monetary financial assets and liabilities such as derivatives held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(q) 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 Company is exposed to market risk (including interest rate risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Company's financial performance.

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 Company's risk exposures.

Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's income and operating cash flows are not materially impacted by changes in market interest rates as the relevant financial instruments entered into are at fixed rate.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, trade receivables, amounts due from intercompany, contract assets and other receivables, contractual cash flows of debt investments carried at amortised cost, as well as credit exposures from outstanding receivables.

The Company adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, to mitigate credit risk. Trade receivables, trade amounts due from intercompanies, contract assets, non-trade amounts due from intercompanies exposure are closely monitored and continuously followed up.

The 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, as such the impairment loss is expected to be immaterial.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets

(i) Trade receivables, trade amounts due from intercompanies and contract assets using simplified approach

The Company applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and trade amounts due from intercompanies 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 Company 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 receivables, trade amounts due from intercompanies and contract assets that are credit impaired are assessed for ECL on a collective basis.

The trade receivables, trade amounts due from intercompanies and contract assets are categorised into the following categories for ECL purposes:

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

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables and non-trade amounts due from intercompanies using general 3-stage approach

The Company uses three categories for other receivables and non-trade amounts due from intercompanies which reflect their credit risk and how the loss allowance is determined for each of those categories (3-stage approach). The three categories are also applied to trade receivables, trade amount due from intercompanies and contract assets when the Company performs specific assessment for these balances instead of the simplified approach above. 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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

Category	Company'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 months 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 are 180 days past due or 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

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables and non-trade amounts due from intercompanies using general 3-stage approach (continued)

Based on the above, loss allowance is measured on either 12 months 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 receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations due to shortage of funds.

The Company maintains sufficient liquidity by closely monitoring its cash flows. Any surplus cash held over and above balance required for working capital management are invested in interest bearing current and fixed deposits with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by its projected cash flow.

The table below summaries the maturity profile of the Company's financial liabilities based on the remaining period at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

2024	Less than a year RM	Between 1 – 2 years RM	Between 2 – 5 years RM	Over 5 years RM	Total RM
Payables	32,372,381	-	-	-	32,372,381
Lease liabilities	2,514,165	1,399,782	750,000	3,750,000	8,413,947
Amount due to ultimate holding company	253,690	-	-	-	253,690
Amount due to intermediate holding company	1,210,939	-	-	-	1,210,939
Amount due to a significant shareholder	350	-	-	-	350
Amounts due to other related companies	942,116	-	-	-	942,116
Hire purchase liabilities	18,520,788	18,520,788	23,203,841	-	60,245,417
	55,814,429	19,920,570	23,953,841	3,750,000	103,438,840

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

The table below summaries the maturity profile of the Company's financial liabilities based on the remaining period at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows. (continued)

2023	Less than a year RM	Between 1 – 2 years RM	Between 2 – 5 years RM	Over 5 years RM	Total RM
Payables	47,402,037	-	-	-	47,402,037
Lease liabilities	723,114	853,938	238,239	-	1,815,291
Amount due to ultimate holding company	44,472	-	-	-	44,472
Amount due to intermediate holding company	623,122	-	-	-	623,122
Amount due to a significant shareholder	12,369	-	-	-	12,369
Amounts due to other related companies	2,342,358	-	-	-	2,342,358
Hire purchase liabilities	12,047,760	12,047,760	18,570,345	-	42,665,865
	63,195,232	12,901,698	18,808,584	-	94,905,514

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies

The Company's primary objectives on capital management policies are to safeguard the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2024 and 31 December 2023.

As at 31 December 2024, the Company is not exposed to any capital risk as there are no outstanding borrowings made with financial institutions nor related companies.

(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).

As at 31 December 2024, the Company's financial assets at fair value through profit or loss was fully impaired.

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5 REVENUE

	2024 RM	2023 RM
Revenue from contracts with customers	312,854,367	265,144,526

Disaggregation of revenue from contracts with customers:

	2024 RM	2023 RM
Services rendered:		
- inland transportation	239,443,094	204,957,335
- international freight and forwarding	36,946,836	17,367,708
- courier and warehousing	34,841,591	40,957,453
- jetty	1,622,846	1,862,030
	312,854,367	265,144,526
Timing of revenue recognition:		
- over time	312,854,367	265,144,526

6 OTHER OPERATING INCOME

	2024 RM	2023 RM
Gain on disposal of property, plant and equipment which had been previously written off	1,112,034	1,415,288
Rental income:		
- investment properties (Note 17)	251,856	251,856
- property, plant and equipment	518,521	460,913
Sale of parts	36,514	55,847
Other miscellaneous income	505,064	1,341,023
	2,423,989	3,524,927

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7 (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS (NET)

	2024 RM	2023 RM
(Impairment loss)/Reversal of impairment on receivables	(1,550,006)	506,970
(Impairment loss)/Reversal of impairment on amount due from ultimate holding company	(22,187)	396,409
Impairment loss on amount due from a significant shareholder	-	(2,006)
	(1,572,193)	901,373

8 PROFIT BEFORE ZAKAT AND TAXATION

The following amounts have been charged/(credited) in arriving at profit before zakat and taxation:

	2024 RM	2023 RM
Sub-contractor services	88,714,905	72,404,346
Costs of lubricants, diesel and petrol	47,425,385	42,655,367
Repair and maintenance of motor vehicles and buildings	20,653,428	19,986,259
Costs of tyres and tubes	9,286,737	8,032,613
Loading and unloading expenses	9,500,539	8,721,452
Toll and parking expenses	5,763,844	4,846,720
Insurance and road tax	4,466,213	4,021,218
Security charges	3,194,371	3,346,085
Travelling and related expenses	3,899,884	2,843,205
Rental of low value assets	937,816	2,009,631
Entertainment expenses	1,507,318	1,029,051
Property, plant and equipment		
- depreciation	21,374,496	17,871,908
- write-offs	216,915	250,816
Depreciation of right-of-use assets	2,819,293	1,978,596
Depreciation of investment properties	65,211	58,852
Management fees from intermediate holding company	5,498,645	5,236,805
Auditors' remuneration	78,500	76,700
Staff costs*	37,573,377	38,963,119

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8 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

The following amounts have been charged/(credited) in arriving at profit before zakat and taxation: (continued)

	2024 RM	2023 RM
* Staff costs are analysed as follows:		
- wages, salaries, bonuses and other employee benefits	32,968,624	34,014,148
- defined contribution plan	4,429,987	4,377,348
- defined benefit plan (Note 29)	174,767	571,623
	37,573,378	38,963,119

Included in cost of sales are staff costs amounting to RM27,415,622 (2023: RM28,307,705).

9 FINANCE INCOME

	2024 RM	2023 RM
Interest income from other related company	(957,264)	(1,202,813)
Interest income from financial institutions	(310,440)	(259,339)
	(1,267,704)	(1,462,152)

10 FINANCE COSTS

	2024 RM	2023 RM
Interest expense on lease liabilities	828,740	137,547
Interest expense on hire purchase	1,504,000	1,024,673
	2,332,740	1,162,220

11 DIRECTORS' REMUNERATION

	2024 RM	2023 RM
Fees	54,000	52,767

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12 ZAKAT

	2024 RM	2023 RM
Movement in zakat liability:		
At 1 January	-	-
Current financial year's zakat expense	61,270	110,574
Zakat paid	(61,270)	(110,574)
At 31 December	-	-

13 TAXATION

	2024 RM	2023 RM
Malaysian income tax:		
- in respect of current financial year	4,269,519	1,697,843
- in respect of prior financial year	(1,349,070)	20,854
	2,920,449	1,718,697
Deferred tax (Note 28)	27,496	569,785
Taxation	2,947,945	2,288,482

A reconciliation of income tax expenses applicable to profit before taxation and after zakat at the Malaysian statutory income tax rate to taxation at the effective income tax rate of the Company is as follows:

	2024 RM	2023 RM
Profit before taxation and after zakat	10,752,104	4,739,383
Malaysian corporate tax rate of 24% (2023: 24%)	2,580,505	1,137,452
Tax effects of:		
- expenses not deductible for tax purposes	2,039,565	1,072,166
- income not subject to tax	(110,705)	(216,330)
- (Over)/Under provision of income tax in respect of prior financial year	(1,349,070)	20,854
- (Over)/Under provision of temporary differences in respect of prior financial year	(212,350)	274,340
Taxation	2,947,945	2,288,482

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14 DIVIDENDS

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

	2024		2023	
	Dividend per share RM	Amount RM	Dividend per share RM	Amount RM
First interim single-tier dividend for the financial year ended 31 December 2024, paid on 25 March 2024	0.10	3,000,000	-	-
Second interim single-tier dividend for the financial year ended 31 December 2024, paid on 30 August 2024	0.05	1,500,000	-	-
First interim single-tier dividend for the financial year ended 31 December 2023, paid on 10 July 2023	-	-	0.17	5,010,000
Second interim single-tier dividend for the financial year ended 31 December 2023, paid on 29 November 2023	-	-	0.13	3,990,000
	0.15	4,500,000	0.30	9,000,000

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

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15 PROPERTY, PLANT AND EQUIPMENT

2024	Buildings, structures and renovations RM	Motor vehicles RM	Furniture and fittings RM	Jetty RM	Assets under construction RM	Total RM
Cost						
At 1 January 2024	27,356,489	272,114,037	7,098,156	22,451,700	31,058,734	360,079,116
Additions	2,102,146	3,356,800	1,216,814	-	284,974	6,960,734
Write-offs	(11,673)	(1,726,744)	(37,745)	-	-	(1,776,162)
Reclassification	-	31,058,735	-	-	(31,058,735)	-
At 31 December 2024	29,446,962	304,802,828	8,277,225	22,451,700	284,973	365,263,688
Accumulated depreciation						
At 1 January 2024	14,827,409	170,131,166	5,051,871	19,049,946	-	209,060,392
Depreciation charge	978,332	18,771,592	746,206	878,366	-	21,374,496
Write-offs	(8,145)	(1,515,030)	(36,072)	-	-	(1,559,247)
At 31 December 2024	15,797,596	187,387,728	5,762,005	19,928,312	-	228,875,641

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2024	Buildings, structures and renovations RM	Motor vehicles RM	Furniture and fittings RM	Jetty RM	Assets under construction RM	Total RM
Accumulated impairment						
At 1 January 2024/31 December 2024	2,879,192	167,280	-	-	-	3,046,472
Net book value						
At 31 December 2024	10,776,797	117,247,820	2,515,220	2,738,791	284,973	133,341,575

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023	Buildings, structures and renovations RM	Motor vehicles RM	Furniture and fittings RM	Jetty RM	Assets under construction RM	Total RM
Cost						
At 1 January 2023	25,040,960	264,501,465	6,923,300	22,451,700	179,393	319,096,818
Additions	2,315,529	23,788,413	679,480	-	31,058,734	57,842,156
Write-offs	-	(16,355,234)	(504,624)	-	-	(16,859,858)
Reclassification	-	179,393	-	-	(179,393)	-
At 31 December 2023	27,356,489	272,114,037	7,098,156	22,451,700	31,058,734	360,079,116
Accumulated depreciation						
At 1 January 2023	14,013,808	170,455,211	4,904,100	18,368,507	-	207,741,626
Depreciation charge	813,601	15,726,409	650,459	681,439	-	17,871,908
Write-offs	-	(16,106,354)	(502,688)	-	-	(16,609,042)
At 31 December 2023	14,827,409	170,131,166	5,051,871	19,049,946	-	209,060,392

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023	Buildings, structures and renovations RM	Motor vehicles RM	Furniture and fittings RM	Jetty RM	Assets under construction RM	Total RM
Accumulated impairment						
At 1 January 2023/31 December 2023	2,879,192	223,180	-	-	-	3,102,372
Net book value						
At 31 December 2023	9,649,888	101,815,591	2,046,285	3,401,754	31,058,734	147,972,252

During the financial year, the Company disposed certain property, plant and equipment which had been fully written-off in prior years for total proceeds of RM1,112,034 (2023: RM1,415,288) and resulted in gain on disposal of RM1,112,034 (2023: RM1,415,288).

Carrying values of buildings and renovation costs built on lands owned by FELDA and related companies amount to RM4,542,541 (2023: RM4,993,397) and RM572,143 (2023: RM679,762), respectively. The remaining useful lives of these assets range between 1 to 50 years.

The jetty is managed by the Company which was renewed for a period of 25 years commencing 1 January 2021. A sum of 50% of the fees, tariffs, charges or levies less all expenses relating to or in connection to proper operation, management and maintenance of the jetty is payable to FELDA when jetty operation is profit making in the financial year. Based on the jetty agreement, the minimum annual payment to FELDA is RM250,000.

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16 RIGHT-OF-USE ASSETS

2024	Leasehold lands RM	Buildings, jetty, structures and renovation RM	Total RM
Cost			
At 1 January	6,070,590	12,626,749	18,697,339
Additions	-	6,617,909	6,617,909
At 31 December	6,070,590	19,244,658	25,315,248
Accumulated depreciation			
At 1 January	2,309,352	11,213,647	13,522,999
Charge for the financial year	64,206	2,755,087	2,819,293
At 31 December	2,373,558	13,968,734	16,342,292
Net book value			
At 31 December	3,697,032	5,275,924	8,972,956

2023	Leasehold lands RM	Buildings, jetty, structures and renovation RM	Total RM
Cost			
At 1 January/31 December	6,070,590	12,626,749	18,697,339
Accumulated depreciation			
At 1 January	2,245,146	9,299,257	11,544,403
Charge for the financial year	64,206	1,914,390	1,978,596
At 31 December	2,309,352	11,213,647	13,522,999
Net book value			
At 31 December	3,761,238	1,413,102	5,174,340

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17 INVESTMENT PROPERTIES

	Leasehold lands RM	Buildings RM	Total RM
2024			
Cost			
At 1 January/31 December	1,215,505	2,310,008	3,525,513
Accumulated depreciation			
At 1 January	606,996	1,948,512	2,555,508
Charge for the financial year	19,404	45,807	65,211
At 31 December	626,400	1,994,319	2,620,719
Net book value			
At 31 December	589,105	315,689	904,794
2023			
Cost			
At 1 January/31 December	1,215,505	2,310,008	3,525,513
Accumulated depreciation			
At 1 January	587,592	1,909,064	2,496,656
Charge for the financial year	19,404	39,448	58,852
At 31 December	606,996	1,948,512	2,555,508
Net book value			
At 31 December	608,509	361,496	970,005

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17 INVESTMENT PROPERTIES (CONTINUED)

The following amounts have been recognised in the profit or loss:

	2024 RM	2023 RM
Rental income from investment properties (Note 6)	251,856	251,856
Direct operating expenses arising from investment properties that generate rental income	(70,808)	(70,808)

The fair value of the investment properties was estimated at RM17,100,000 (2023: RM16,560,000) based on valuations by an independent professional qualified 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.

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

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RM	2023 RM
Financial assets	900,000	900,000
Accumulated impairment loss	(900,000)	(900,000)
	-	-

Details of the financial assets at fair value through profit or loss are as follows:

Name	Country of incorporation	Nature of business	Company's effective interest rate 2024 %	Company's effective interest rate 2023 %
Felda-CFA Logistics Sdn. Bhd.	Malaysia	Dormant	18	18

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19 RECEIVABLES

	2024 RM	2023 RM
Trade receivables	24,849,528	6,550,333
Loss allowance	(2,408,637)	(910,871)
	22,440,891	5,639,462
Other receivables	740,571	311,129
Deposits	4,041,778	3,693,780
Prepayments	1,503,800	1,322,602
	6,286,149	5,327,511
	28,727,040	10,966,973

All receivables are denominated in Ringgit Malaysia.

The credit terms of trade receivables are between 30 to 90 days (2023: 30 to 90 days).

The fair values of the receivables (excluding prepayments) approximate their respective carrying values, as the impact of discounting is not significant.

Reconciliation of loss allowance:

(a) Trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2024 reconciles to the opening loss allowance balance are as follows:

	Non-credit impaired RM	Credit impaired RM	Total RM
Opening loss allowance as at 1 January 2023	622,586	1,237,945	1,860,531
Decrease in loss allowance	(383,258)	(123,712)	(506,970)
Write-offs	-	(442,690)	(442,690)
Loss allowance as at 31 December 2023/ 1 January 2024	239,328	671,543	910,871
Increase in loss allowance	1,550,006	-	1,550,006
Write-offs	-	(52,240)	(52,240)
Closing loss allowance as at 31 December 2024	1,789,334	619,303	2,408,637

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19 RECEIVABLES (CONTINUED)

(a) Trade receivables using simplified approach (continued)

	Current RM	Up to 30 days past due RM	Between 31 to 90 days past due RM	More than 91 days past due RM	Total RM
2024					
Gross carrying amount	10,618,693	3,076,574	7,176,397	3,977,864	24,849,528
Expected credit loss rate	3%	6%	14%	23%	
Collective impairment	(292,882)	(181,586)	(1,002,994)	(931,175)	(2,408,637)
Carrying amount (net of loss allowance)	10,325,811	2,894,988	6,173,403	3,046,689	22,440,891
2023					
Gross carrying amount	2,850,347	2,000,205	373,069	1,326,712	6,550,333
Expected credit loss rate	1%	3%	17%	57%	
Collective impairment	(37,125)	(57,375)	(64,577)	(751,794)	(910,871)
Carrying amount (net of loss allowance)	2,813,222	1,942,830	308,492	574,918	5,639,462

(b) No loss allowance is recognised for other receivables and deposits as the impact is not material.

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20 CONTRACT ASSETS

The Company's contract assets relating to the provision of service rendered as at financial year end can be summarised as follows:

	2024 RM	2023 RM
At 1 January	1,947,589	2,476,017
Transfer from contract assets to receivables	(1,947,589)	(2,476,017)
Performance obligations performed and yet to be billed	3,253,818	1,947,589
At 31 December	3,253,818	1,947,589

No loss allowance is recognised for contract assets as the impact are not material.

The fair values of the contract assets approximate their respective carrying values, as the impact of discounting is not significant.

21 INVENTORIES

	2024 RM	2023 RM
Consumables	2,093,118	2,446,385

22 LOANS DUE FROM OTHER RELATED COMPANY

	2024 RM	2023 RM
Loans due from other related company	18,531,364	37,063,215

Loans due from other related company is unsecured, receivable within one year, has an option to rollover, bears interest at a rate between 3.65% to 3.75% (2023: 2.77% to 3.80%) per annum and is denominated in Ringgit Malaysia.

The expected credit loss of the loans due from other related company was deemed immaterial.

The fair values of the loans due from other related company approximate their respective carrying values, as the impact of discounting is not significant.

23 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING BODY, INTERMEDIATE HOLDING COMPANY, A SIGNIFICANT SHAREHOLDER AND OTHER RELATED COMPANIES

	2024 RM	2023 RM
Amounts due from:		
Ultimate holding body	721,431	791,809
Intermediate holding company	33,343	4,278
A significant shareholder	524	40,905
Other related companies	62,775,164	61,017,449
	63,530,462	61,854,441
Loss allowance:		
- ultimate holding body	(243,742)	(221,555)
- a significant shareholder	(524)	(39,060)
	63,286,196	61,593,826
Amounts due to:		
Ultimate holding body	(253,690)	(44,472)
Intermediate holding company	(1,210,939)	(623,122)
A significant shareholder	(350)	(12,369)
Other related companies	(942,116)	(2,342,358)
	(2,407,095)	(3,022,321)

The amounts due from/(to) ultimate holding body, intermediate holding company, a significant shareholder and other related companies are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 60 days (2023: 60 days).

The fair values of the amounts due from/(to) ultimate holding body, intermediate holding company, a significant shareholder and other related companies approximate their respective carrying values, as the impact of discounting is not significant.

(a) No loss allowance is recognised for amounts due from intermediate holding company, other related companies and a significant shareholder as the impact are not material.

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23 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING BODY, INTERMEDIATE HOLDING COMPANY, A SIGNIFICANT SHAREHOLDER AND OTHER RELATED COMPANIES (CONTINUED)

(b) Amount due from ultimate holding company using 3-stage approach

The loss allowance for amount due from ultimate holding body reconciles to the opening loss allowance for that provision as follows:

	Performing	Under-performing	Non-performing	Total
	RM	RM	RM	RM
Opening loss allowance as at 1 January 2023	-	617,964	-	617,964
Decrease in loss allowance	-	(396,409)	-	(396,409)
Loss allowance as at 31 December 2023/ 1 January 2024	-	221,555	-	221,555
Increase in loss allowance	`-	22,187	-	22,187
Closing loss allowance as at 31 December 2024	-	243,742	-	243,742

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23 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING BODY, INTERMEDIATE HOLDING COMPANY, A SIGNIFICANT SHAREHOLDER AND OTHER RELATED COMPANIES (CONTINUED)

(b) Amount due from ultimate holding body using 3-stage approach (continued)

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

	Performing RM	Under-performing RM	Non-performing RM	Total RM
2024				
Gross carrying amount	-	721,431	-	721,431
Loss allowance	-	(243,742)	-	(243,742)
Carrying amount (net of loss allowance)	-	477,689	-	477,689
2023				
Gross carrying amount	-	791,809	-	791,809
Loss allowance	-	(221,555)	-	(221,555)
Carrying amount (net of loss allowance)	-	570,254	-	570,254

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23 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, INTERMEDIATE HOLDING COMPANY, A SIGNIFICANT SHAREHOLDER AND OTHER RELATED COMPANIES (CONTINUED)

(c) Amount due from a significant shareholder using 3-stage approach

The loss allowance for amount due from a significant shareholder reconciles to the opening loss allowance for that provision as follows:

	Performing RM	Under-performing RM	Non-performing RM	Total RM
Opening loss allowance as at 1 January 2023	-	37,054	-	37,054
Increase in loss allowance	-	2,006	-	2,006
Loss allowance as at 31 December 2023/ 1 January 2024	-	39,060	-	39,060
Write-off during the year	-	(35,434)	-	(35,434)
Closing loss allowance as at 31 December 2024	-	524	-	524

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

	Performing RM	Under-performing RM	Non-performing RM	Total RM
2024				
Gross carrying amount	-	524	-	524
Loss allowance	-	(524)	-	(524)
Carrying amount (net of loss allowance)	-	-	-	-
2023				
Gross carrying amount	-	40,905	-	40,905
Loss allowance	-	(39,060)	-	(39,060)
Carrying amount (net of loss allowance)	-	1,845	-	1,845

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24 DEPOSITS, CASH AND BANK BALANCES

	2024 RM	2023 RM
Fixed deposits in licensed banks	41,700,000	20,200,000
Cash and bank balances	4,646,724	1,736,178
Cash and cash equivalents	46,346,724	21,936,178

Deposits, cash and bank balances are denominated as follows:

	2024 RM	2023 RM
Ringgit Malaysia	44,144,825	21,690,697
Great Britain Pound	160,600	162,530
United States Dollar	1,987,400	82,951
Chinese Renminbi	49,305	-
Singapore Dollar	4,594	-
	46,346,724	21,936,178

The weighted average finance rates (per annum) of fixed deposits in licensed banks that were effective at the financial year end were as follows:

	2024 %	2023 %
Fixed deposits in licensed banks	3.07	3.04

Fixed deposits as at 31 December 2024 for the Company have average maturity periods of 23 days (2023: 30 days). Cash and bank balances are deposits held at call with banks and earn no interest.

The fair values of the deposits, cash and bank balances approximate their respective carrying values, as the impact of discounting is not significant.

25 SHARE CAPITAL

	2024		2023	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up:				
Ordinary shares, with no par value				
At 1 January/31 December	30,000,000	57,591,952	30,000,000	57,591,952

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26 LEASE LIABILITIES

	2024 RM	2023 RM
At 1 January	1,679,485	3,433,146
Additions	6,617,909	-
Interest accretion	828,740	137,547
Repayments	(2,804,794)	(1,891,208)
At 31 December	6,321,340	1,679,485
Non-current	4,002,562	1,026,151
Current	2,318,778	653,334
	6,321,340	1,679,485

Total cash outflows for leases are as follows:

	2024 RM	2023 RM
Rental of low value assets	937,816	2,009,631
Principal payments of lease liabilities	1,976,054	1,753,661
Interest payment of lease liabilities	828,740	137,547

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27 HIRE PURCHASE LIABILITIES

	2024 RM	2023 RM
Non-current	40,189,894	31,685,999
Current	17,113,468	10,979,866
	57,303,362	42,665,865
At 1 January	42,665,865	26,640,828
Additions	25,106,237	26,973,309
Interest accretion	1,504,000	1,024,673
Repayments	(11,972,740)	(11,972,945)
At 31 December	57,303,362	42,665,865

The additions of hire purchase liabilities during the financial year is relating to the purchases of motor vehicles.

The hire purchase liabilities of the Company bore interest at the balance sheet date at the rate of 2.87% to 3.00% (2023: 2.87% to 3.00%) per annum.

The hire purchase liabilities are effectively secured as the rights to the motor vehicles revert to the lessor in the event of default.

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28 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:

	2024 RM	2023 RM
Deferred tax liabilities	9,491,669	9,464,173
At 1 January	9,464,173	8,894,388
Charged/(Credited) to income statement (Note 11):		
- property, plant and equipment	1,085,412	(103,306)
- payables	(927,829)	878,317
- provision for defined benefit plan	56,881	(166,652)
- lease liabilities	927,078	420,879
- right-of-use assets	(1,114,046)	(459,453)
	27,496	569,785
At 31 December	9,491,669	9,464,173
Deferred tax assets:		
- payables	(1,227,240)	(299,411)
- provision for defined benefit plan	(347,138)	(404,019)
- lease liabilities	(1,517,122)	(403,076)
Amount before offsetting	(3,091,500)	(1,106,506)
Offsetting	3,091,500	1,106,506
	-	-
Deferred tax liabilities:		
- property, plant and equipment	11,316,947	10,231,535
- right-of-use assets	1,266,222	339,144
Offsetting	(3,091,500)	(1,106,506)
	9,491,669	9,464,173

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29 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates defined benefit retirement plans in Malaysia for all eligible employees. The lump sum payment depends on member's length of service and their salary in the final years leading up to retirement. As the retirement benefit plans are unfunded, the Company meets the defined benefit payment obligations as they fall due.

	2024 RM	2023 RM
Non-current:		
Retirement benefit scheme	870,321	851,596
Long service award	576,088	578,511
Present value of unfunded obligations	1,446,409	1,430,107

The movements during the financial year are as follows:

	2024 RM	2023 RM
At 1 January	1,430,107	989,030
Charged to profit or loss	174,767	571,623
Remeasurements to other comprehensive loss	20,065	50,675
Benefits paid	(178,530)	(181,221)
At 31 December	1,446,409	1,430,107

The amounts recognised in profit or loss are as follows:

	2024 RM	2023 RM
Current service cost	89,192	75,309
Past service cost	-	424,683
Finance cost	62,589	64,919
Others	22,986	6,712
Charged to profit or loss	174,767	571,623

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29 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

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

	2024	2023
	RM	RM
Remeasurement:		
- changes in financial assumption	22,529	47,503
- experience adjustment	(6,704)	3,172
- transfers recognised in the other comprehensive loss	4,240	-
Charged to other comprehensive loss	20,065	50,675

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

	2024	2023
	%	%
Discount rate	4.40	4.70
Expected rate of salary increase	5.00	5.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in obligation	Decrease in obligation
	%	RM	RM
Discount rate	1	(103,564)	119,838
Salary growth rate	1	28,122	(32,687)

The above sensitivity analysis is 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 did not change compared to the previous financial year.

The weighted average duration of the defined benefit obligation is 13.3 years (2023: 13.4 years).

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29 PROVISION FOR DEFINED BENEFIT PLAN (continued)

Expected maturity analysis of undiscounted defined benefit obligation:

	Less than a year	Between 1 – 2 years	Between 2 – 5 years	Over 5 years	Total
	RM	RM	RM	RM	RM
At 31 December 2024	154,833	237,332	443,053	3,497,450	4,332,668
At 31 December 2023	176,110	156,284	540,424	3,458,116	4,330,934

30 PAYABLES

	2024	2023
	RM	RM
Trade payables	1,190,790	31,638,943
Other payables and accruals	38,047,730	15,763,094
	39,238,520	47,402,037

All payables are denominated in Ringgit Malaysia.

Credit terms for trade payables are up to 60 days (2023: 60 days).

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

31 CONTRACT LIABILITIES

	2024	2023
	RM	RM
At 1 January	714,939	705,854
Revenue recognised that was included in the contract liabilities balance at the beginning of financial year	(714,939)	(705,854)
Cash received for unfulfilled obligations	1,216,007	714,939
At 31 December	1,216,007	714,939

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

32 FINANCIAL INSTRUMENTS

Financial instruments by category

	2024 RM	2023 RM
Financial assets at amortised cost		
Receivables (excluding prepayments)	27,223,240	9,644,371
Contract assets	3,253,818	1,947,589
Loans due from other related companies	18,531,364	37,063,215
Amount due from ultimate holding company	479,240	570,254
Amount due from intermediate holding company	33,343	4,278
Amount due from a significant shareholder	(1,551)	1,845
Amounts due from other related companies	62,775,164	61,017,449
Deposits, cash and bank balances	46,346,724	21,936,178
	158,641,342	132,185,179
Financial liabilities at amortised cost		
Payables	39,238,520	47,402,037
Amount due to ultimate holding company	253,690	44,472
Amount due to intermediate holding company	1,210,939	623,122
Amount due to a significant shareholder	942,116	12,369
Amounts due to other related companies	350	2,342,358
Lease liabilities	2,136,360	1,679,485
Hire purchase liabilities	57,303,362	42,665,865
	101,085,337	94,769,708

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate holding body, is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed in the financial statements, 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 Company's business on terms consistently applied in accordance with the Company's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding body
FGV Holdings Berhad ("FGVH")	Intermediate holding company
Felda Holdings Bhd ("FHB")	Immediate holding company
Koperasi Permodalan Felda ("KPF")	Significant shareholder
Yayasan Felda ("YAYASAN")	Entity controlled by FELDA
Felda Plantation Management Sdn Bhd ("FPMSB")	Subsidiary of FELDA
Pontian Fico Palm Oil Mill ("PONTIAN FICO")	Subsidiary of FGVH
FGV Agri Services Sdn Bhd ("FASSB")	Subsidiary of FGVH
FGV Capital Sdn Bhd ("FGVC")	Subsidiary of FGVH
FGV Biotechnologies Sdn Bhd ("FGVB")	Subsidiary of FGVH
FGV Plantations (Malaysia) Sdn Bhd ("FGVPM")	Subsidiary of FGVH
FGV R&D Sdn Bhd ("FGVR&D")	Subsidiary of FGVH
FGV Shared Service Centre Sdn Bhd ("FGVSSC")	Subsidiary of FGVH
FGV Trading Sdn Bhd ("FGVT")	Subsidiary of FGVH
FGV Dairy Farm ("FGVDF")	Subsidiary of FGVH
FGV Dairy Industries ("FGVDI")	Subsidiary of FGVH
FGV Integrated Farming ("FGVIF")	Subsidiary of FGVH
Tanah Emas Oil Palm Processing Sdn Bhd ("TEOPPSB")	Subsidiary of FGVH
MSM Sugar Refinery (Johor) ("MSMJ")	Subsidiary of FGVH
MSM Prai Berhad ("MSM PRAI")	Subsidiary of FGVH
MSM Logistics Sdn Bhd ("MSML")	Subsidiary of FGVH
Felda Travel Sdn Bhd ("TRAVEL")	Subsidiary of FGVH
FGV Fertiliser Sdn Bhd ("FGVF")	Subsidiary of FGVH
FGV Johore Bulkers Sdn Bhd ("FJB")	Subsidiary of FGVH
FGV Bulkers Sdn Bhd ("FBSB")	Subsidiary of FGVH
Langsat Bulkers Sdn Bhd ("LBSB")	Subsidiary of FGVH
FGV Grains Terminal Sdn Bhd ("FGVGT")	Subsidiary of FGVH
FGV Palm Industries Sdn Bhd ("FPI")	Subsidiary of FGVH
Delima Oil Products Sdn Bhd ("DOP")	Subsidiary of FGVH
FGV Kernel Products Sdn Bhd ("FKP")	Subsidiary of FGVH
FGV Refineries Sdn Bhd ("FGVR")	Subsidiary of FGVH
FGV Prodata Systems Sdn Bhd ("PRODATA")	Subsidiary of FGVH
FGV Rubber Industries Sdn Bhd ("FRI")	Subsidiary of FGVH
FGV Security Services Sdn Bhd ("FSSSB")	Subsidiary of FGVH

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances:

(a) Sales of services:

	2024 RM	2023 RM
Transaction with ultimate holding body		
FELDA	650,230	717,426
Transaction with intermediate holding company		
FGVH	40,480	18,563
Transaction with a significant shareholder		
KPF	8,204	226,564
Transactions with other related parties		
FGVT	133,478,225	116,133,849
FGVF	36,904,572	29,902,100
FPI	36,565,526	16,600,680
DOP	26,417,161	29,958,314
FKP	10,975,484	9,883,544
MSMJ	7,728,051	9,102,240
MSML	5,346,087	3,474,912
FGVB	3,701,710	3,578,489
FRI	3,485,052	2,738,058
FGVPM	3,182,214	3,337,734
MSM PRAI	2,455,937	748,217
PONTIAN FICO	1,843,580	1,756,598
FASSB	1,661,022	2,296,367
FGVDI	277,856	578,370
FJB	214,732	109,889
PRODATA	153,019	202,281
FGVIF	110,723	161,023
TEOPPSB	100,844	551,589

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33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Purchase of services:

	2024 RM	2023 RM
Management fees:		
FGVH	(5,498,645)	(5,236,805)
Payment for jetty operation:		
FELDA	(250,000)	(250,000)
Purchase of other services:		
FSSSB	(3,522,071)	(3,464,610)
PRODATA	(2,937,381)	(2,663,570)
FGVPM	(1,163,333)	(29,773)
TRAVEL	(1,052,487)	(865,568)
FPI	(341,552)	(343,350)
FGVSSC	(251,120)	(338,793)
FASSB	(236,504)	(197,087)
MSMJ	(111,529)	(322,868)
FGVT	(107,863)	(46,785)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Interest income from related party:

	2024 RM	2023 RM
FGVC	957,264	1,202,813

(d) Loan due from a related party:

Loan due from FGV Capital Sdn. Bhd., a subsidiary of the penultimate holding company.

	2024 RM	2023 RM
Loans given to FGVC	18,531,364	37,063,215
Repayment of loan due from FGVC	37,063,215	-

(e) Key management personnel compensation

Key management personnel comprise Directors and general managers and above of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

	2024 RM	2023 RM
Directors' fees	54,000	52,767
Salaries	1,049,580	978,050
Bonus	30,602	153,738
Defined contribution plan	175,372	181,318
	1,309,554	1,365,873

34 CAPITAL COMMITMENTS

	2024 RM	2023 RM
Property, plant and equipment, authorised and contracted for	4,560,694	30,036,472

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 13 May 2025.

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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FGV SECURITY SERVICES SDN. BHD.
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FGV SECURITY SERVICES SDN. BHD.
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DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Mohd Akmar bin Dewa	
Dr. Mohd Faisal bin Mustaffa	
Fakhrunniam bin Othman	
Hasbullah bin Muhamad	(Appointed on 13 December 2024)
Dato' Ramli bin Ismail	(Resigned on 13 December 2024)

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of security services, sale of security appliances, sales and provision or services of fire protection equipment, pest control and training services.

There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Net profit for the financial year	8,787,141

DIVIDENDS

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

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

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

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FGV SECURITY SERVICES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

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 is a member, or with a company in which he 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 holding companies or subsidiaries of the holding companies during the financial year, except as follows:

Shareholdings in FGV Holdings Berhad ("FGVH"), penultimate holding company

	Number of ordinary shares			
	At 1.1.2024	Additions	(Disposed)	At 31.12.2024
Fakhrunniam Bin Othman	1,800	-	-	1,800

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024
	RM
Audit fee	35,900

DIRECTORS' REMUNERATION

Details of Director's remuneration are as follows:

	2024
	RM
Directors' remuneration:	
- Fees	72,000
- Meeting allowances	1,500
	73,500

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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

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

(a) any charge on the assets 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 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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 Company for the financial year in which this report is made.

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FGV SECURITY SERVICES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING COMPANIES/BODY

The Directors regard Felda Holdings Bhd., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate holding company, penultimate holding company and ultimate holding body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premium paid during the financial year and during the period from the end of the financial year to the date of the report, for any person who is or has been the Director, and Officers of the Company.

AUDITORS

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

This report was approved by the Board of Directors on 25 April 2025. Signed on behalf of the Board of Directors:

MOHD AKMAR BIN DEWA DIRECTOR	FAKHRUNNIAM BIN OTHMAN DIRECTOR

Kuala Lumpur

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FGV SECURITY SERVICES SDN. BHD.
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STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Mohd Akmar bin Dewa and Fakhrunniam bin Othman, two of the Directors of FGV Security Services Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 56 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance and cash flows 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 25 April 2025.

MOHD AKMAR BIN DEWA
DIRECTOR

FAKHRUNNIAM BIN OTHMAN
DIRECTOR

Kuala Lumpur

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

I, Rahayu binti Alias, being the officer primarily responsible for the financial management of FGV Security Services Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 56 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.

RAHAYU BINTI ALIAS
MIA membership no. 25964

Subscribed and solemnly declared by the abovenamed Rahayu binti Alias in Kuala Lumpur on 25 April 2025, before me.

PESURUHJAYA SUMPAH
W 729
MARDHIYYAH
ABDUL WAHAB
1 JAN 2024-31 DIS 2026
MALAYSIA

COMMISSIONER FOR OATHS

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV SECURITY SERVICES SDN. BHD.

(Incorporated in Malaysia)
Registration No. 199501028583 (357789-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Security Services Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 56.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV SECURITY SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028583 (357789-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV SECURITY SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028583 (357789-M)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV SECURITY SERVICES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028583 (357789-M)

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

KHAIRUL AZHAR BIN NORHAN
03750/06/2025 J
Chartered Accountant

Kuala Lumpur
25 April 2025

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FGV SECURITY SERVICES SDN. BHD.
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
Revenue	5	142,482,760	135,538,836
Cost of sales		(123,191,527)	(116,937,285)
Gross profit		19,291,233	18,601,551
Other operating income	6	556,975	942,950
Administrative expenses		(10,046,892)	(9,099,586)
Reversal of impairment on financial assets (net)	7	1,199,459	2,433,864
Operating profit		11,000,775	12,878,779
Finance income	8	228,676	121,533
Finance costs	8	(254,109)	(380,705)
Profit before zakat and taxation	9	10,975,342	12,619,607
Zakat	10	(251,418)	-
Taxation	11	(1,936,783)	(2,562,883)
Net profit for the financial year		8,787,141	10,056,724
Other comprehensive loss:			
Item that will not be reclassified to profit or loss - actuarial loss on defined benefit plan	23	(94,399)	(165,728)
Total comprehensive income for the financial year		8,692,742	9,890,996

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FGV SECURITY SERVICES SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,206,691	4,859,970
Right-of-use assets	13	1,030,140	1,400,414
Deferred tax assets	14	4,621,031	6,506,647
		10,857,862	12,767,031
Current assets			
Inventories	15	295,976	88,091
Trade, other receivables, deposits and prepayments	16	1,914,734	1,790,433
Amount due from ultimate holding body	17	5,929,588	11,876,214
Amount due from penultimate holding company	17	201,498	135,818
Amounts due from other related companies	17	20,800,639	18,971,853
Amount due from a significant shareholder	17	337,916	312,305
Tax recoverable		-	38,001
Deposits, cash and bank balances	18	24,645,677	10,967,306
		54,126,028	44,180,021
Total assets		64,983,890	56,947,052
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	12,843,666	12,843,666
Retained earnings		22,328,669	13,635,927
Total equity		35,172,335	26,479,593
Non-current liabilities			
Provision for defined benefit plan	23	4,947,284	4,687,994
Lease liabilities	21	176,469	617,165
		5,123,753	5,305,159

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
EQUITY AND LIABILITIES (CONTINUED)			
Current liabilities			
Trade, other payables and accruals	20	20,747,086	14,186,019
Amount due to ultimate holding body	17	180,732	960,522
Amount due to penultimate holding company	17	908,568	2,477,186
Amounts due to other related companies	17	229,201	592,490
Amount due to a significant shareholder	17	77,419	43,993
Lease liabilities	21	523,860	502,090
Loan due to other related company	22	2,000,000	6,400,000
Tax payables		20,936	-
		24,687,802	25,162,300
Total liabilities		29,811,555	30,467,459
TOTAL EQUITY AND LIABILITIES		64,983,890	56,947,052

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM	Distributable Retained earnings RM	Total equity RM
2024			
At 1 January 2024	12,843,666	13,635,927	26,479,593
Net profit for the financial year	-	8,787,141	8,787,141
Other comprehensive loss:			
Item that will not be reclassified to profit or loss			
- actuarial loss on defined benefit plan	-	(94,399)	(94,399)
Total comprehensive income for the financial year	-	8,692,742	8,692,742
At 31 December 2024	12,843,666	22,328,669	35,172,335
2023			
At 1 January 2023	12,843,666	3,744,931	16,588,597
Net profit for the financial year	-	10,056,724	10,056,724
Other comprehensive loss:			
Item that will not be reclassified to profit or loss			
- actuarial loss on defined benefit plan	-	(165,728)	(165,728)
Total comprehensive income for the financial year	-	9,890,996	9,890,996
At 31 December 2023	12,843,666	13,635,927	26,479,593

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	8,787,141	10,056,724
Adjustments for:		
Taxation	1,936,783	2,562,883
Zakat	251,418	-
Finance costs	254,109	380,705
Finance income	(228,676)	(121,533)
Reversal of impairment on financial assets (net)	(1,199,459)	(2,433,864)
Property, plant and equipment:		
- depreciation	856,776	1,001,720
- write-offs	7,411	6,453
Gain on termination of lease contract (net)	(1,460)	-
Depreciation of right-of-use assets	437,600	431,101
Provision for defined benefit plan	635,629	2,549,671
Operating profit before working capital changes	11,737,272	14,433,860
Changes in working capital:		
Inventories	(207,885)	147,630
Receivables	(124,301)	6,043,260
Payables	6,561,067	(2,567,294)
Intercompanies	2,547,737	(5,903,207)
Net cash generated from operations	20,513,890	12,154,249
Zakat paid	(251,418)	-
Tax refund	9,680	-
Tax paid	(1,910)	-
Retirement benefits paid	(470,738)	(431,310)
Net cash generated from operating activities	19,799,504	11,722,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,210,908)	(322,814)
Finance income	228,676	121,533
Net cash used in investing activities	(982,232)	(201,281)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	2024 RM	2023 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan interest paid	(188,101)	(297,244)
Principal payments of lease liabilities	(484,792)	-
Interest payment of lease liabilities	(66,008)	-
Payments of lease liabilities	-	(537,030)
Repayment of loan due from related company	(4,400,000)	(2,100,000)
Net cash used in financing activities	(5,138,901)	(2,934,274)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,678,371	8,587,384
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	10,967,306	2,379,922
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR (NOTE 18)	24,645,677	10,967,306

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

	Loan due to other related company RM	Lease liabilities RM	Total RM
2024			
1 January	6,400,000	1,119,255	7,519,255
Repayment	(4,588,101)	(550,800)	(5,138,901)
Non-cash changes:			
Interest accretion	188,101	66,008	254,109
Lease addition/termination (net)	-	65,866	65,866
At 31 December	2,000,000	700,329	2,700,329
2023			
1 January	8,500,000	1,572,824	10,072,824
Repayment	(2,397,244)	(537,030)	(2,934,274)
Non-cash changes:			
Interest accretion	297,244	83,461	380,705
At 31 December	6,400,000	1,119,255	7,519,255

Included in the repayment are finance costs paid amounted to RM188,101 (2023: RM297,244).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company are the provision of security services, sale of security appliances, sales and provision or services of fire protection equipment, pest control and training services.

There were no significant changes in the nature of these activities during the financial year.

The Directors regard Felda Holdings Bhd., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate holding company, penultimate holding company and ultimate holding body, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

The address of the principal place of business is Level 10, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia .

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period.

It requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. Although the estimates and judgements are based on the Director's best knowledge of current events and actions, actual results may differ. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements during the reported period.

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' ('2020 amendments') and 'Non-current Liabilities with Covenants' ('2022 amendments')
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024 (continued):

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

(ii) Accounting pronouncements that are effective after 1 January 2025 and have not been early adopted by the Company:

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2025. The Company has not early adopted these new standards and amendments. None of these is expected to have a significant effect on the financial statements of the Company, except for the following set out below:

Effective annual periods beginning on or after 1 January 2027

- MFRS 18 'Presentation and Disclosure in Financial Statements' which aims to enhance the financial reporting quality and replaces MFRS 101 'Presentation of Financial Statements'. The new standard introduces a new structure of profit or loss statement whereby income and expenses are classified into 3 new main categories:
  i. Operating category which typically includes results from the main business activities
  ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  iii. Financing category that presents income and expenses from financing liabilities (such as bank borrowings and lease liabilities)

The standard also requires the entity to present specific totals and subtotals in the statement of profit or loss, specifies the disclosure of management-defined performance measures as well as the aggregation and disaggregation of information in the financial statements and accompanying notes.

MFRS 18 will be applied retrospectively. The Company is currently assessing the financial impact that may arise from the adoption of the above amendments to published standards.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(ii) Accounting pronouncements that are effective after 1 January 2025 and have not been early adopted by the Company: (continued)

The following accounting pronouncements are currently being assessed by the Company and are not expected to have any significant impact on the financial statements of the Company.

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on 'Lack of Exchangeability'

Effective annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 & 7 on Amendments to the Classification and Measurement of Financial Instruments

Effective annual periods beginning on or after 1 January 2027

- MFRS 19 'Subsidiary without Public Accountability: Disclosures' (effective 1 January 2027)

3 MATERIAL ACCOUNTING POLICIES

(a) Financial assets

Classification

The Company classifies its financial assets as those to be measured amortised cost.

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

The Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as amortised cost.

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.

Subsequent measurement – impairment

(i) Impairment for debt instruments

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

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

- Trade receivables
- Other receivables and deposits
- Amounts due from intercompany

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Subsequent measurement – impairment (continued)

(i) Impairment for debt instruments (continued)

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was 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 Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

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

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

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 months 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 and trade amounts due from intercompany

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Subsequent measurement - impairment (continued)

(ii) Significant increase in credit risk

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

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

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Financial assets (continued)

Subsequent measurement - Impairment (continued)

(iv) Groupings of instruments for ECL measurement

(a) Collective assessment

To measure ECL, trade receivables and trade amounts due from intercompany arising from the Company have been grouped based on the days past due and shared credit risk characteristics.

(b) Individual assessment

Trade receivables and trade amounts due from intercompany which are in default or credit-impaired are assessed individually.

Other receivables and deposits and non-trade amounts due from intercompanies are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

(v) Write-off

(a) Trade receivables and trade amounts due from intercompany

Trade receivables and trade amounts due from intercompany 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 Company.

Impairment losses on trade receivables and intercompany 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 Company 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 Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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 interest method except for derivatives in a loss position which are measured at fair value through profit or loss.

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

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

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 de-recognition 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.

(c) 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

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 Company 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.

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 summarised as follows:

Property, plant and equipment	Estimated useful lives (years)
Motor vehicles	5
Office equipment, furniture and fittings	2 to 10
Buildings, structures and renovations	5 to 50
Canine	8

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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 profit or loss.

At each statement of financial position date, the Company assess whether there is any indication of impairment. If such 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 material accounting policies in Note 3(e) on impairment of non-financial assets.

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.

Where an indication of impairment exists, the carrying amount of the canine is assessed and written down immediately to its recoverable amount. See material accounting policies Note 3(e) on impairment of non-financial assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

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

(e) Impairment of non-financial assets

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 are reviewed for possible reversal of the impairment at each reporting date.

(f) Zakat

The Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised when the Company has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when the Company 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 Company'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.

(g) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the statement of financial position date.

Tax expense for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the statement of financial position date.

Deferred tax is provided for, using the liability method, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Current and deferred income tax (continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in reserve, in which case the deferred tax is also recognised directly in reserve.

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.

(h) Revenue recognition

(i) Revenue from contracts with customers

Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

Sales of goods

The Company sells fire extinguishers and safety equipment such as security appliances and fire protection equipment. Sales of these goods are recognised when the product is delivered to the customers. Retail sales are usually in cash or by credit card.

The Company pricing policy for the sales of security appliances, fire protection equipment and services is based on a cost-plus basis.

Sales of services

The Company sells security and training services. These service are provided on a time and material basis or as fixed-price contracts, with contract terms generally ranging from less than 1 year to 10 years for which revenue is recognised on a time apportioned basis.

The Company also sells the commercial services to maintain the appliances and safety equipment to the customers. The pest control services provided by the Company are normal commercial pest control services (i.e. similar to other pest control companies in the market - pest control for commercial building, factory, house etc.).

The provision of pest control services are based on a cost-plus basis. The selling price is determined based on the competitive market price.

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

Some contracts include multiple deliverables, such as 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition (continued)

(ii) Revenue from other sources

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).

(i) Deposits, cash and bank balances

For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(j) Leases

The Company as a lessee

Leases are recognised as a right-of-use ("ROU") assets and a corresponding liability at the date at which the leased asset is available for use by the 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	99
Buildings, structures and renovations	3 to 60

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Leases (continued)

The Company as a lessee (continued)

(a) ROU assets (continued)

At each statement of financial position date, the Company assesses 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 material accounting policies Note 3(e) on impairment of non-financial assets.

(b) Lease liabilities

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

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Leases (continued)

The Company as a lessee (continued)

(c) Lease term

In determining the lease term, the Company 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 Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 Company 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.

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(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.

(f) The 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses 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 plans

Defined contribution plans are post-employment benefit plans under which the Company 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.

The Company operates a non-funded defined benefit retirement plan. 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 the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The Company determine 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 which have currency and terms to maturity approximating the terms of the related liabilities.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits (continued)

(iii) Defined benefit plan (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged/credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period. Past service costs are recognised immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period).

(l) 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.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk management

The Company's activities expose it to a variety of financial risks including market risk (interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Company's financial performance.

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

Market risk

The Company has minimal interest rate risk except for exposure arising from placement of fixed deposits and short term borrowings at fixed interest rate. As a result, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, deposits with banks and financial institutions, as well as credit exposures to amount owing from outstanding receivables.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk management (continued)

Credit risk (continued)

The Company's cash and cash equivalents are largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Company 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.

Trade receivables, other receivables, deposits and amounts due from intercompany exposure are closely monitored and continuously followed up.

(i) Impairment of financial assets

Trade receivables and trade amounts due from intercompany using simplified approach

The Company applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and trade amounts due from intercompany.

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

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.

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

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4 RISK MANAGEMENT POLICIES (CONTINUED)

(a) Financial risk management (continued)

Credit risk (continued)

(i) Impairment of financial assets (continued)

Other receivables and deposits and non-trade amounts due from intercompanies using general 3-stage approach

The Company uses three categories for other receivables and deposits and non-trade amounts due from intercompany which reflect their credit risk and how the loss allowance is determined for each of those categories (3-stage approach). The three categories are also applied to trade receivables and trade amounts due from intercompanies when the Company performs specific assessment for these balances instead of the simplified approach above. 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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

Category	Company'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 months ECL
Under-performing	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 are 180 days past due or 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

(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.

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4 RISK MANAGEMENT POLICIES (CONTINUED)

(a) Financial risk management (continued)

Liquidity risk

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

As at the statement of financial position date, the remaining contractual maturity periods for the Company's financial liabilities are within a period of less than 1 year, except for lease liabilities. The table below summarise the maturity profile and contractual undiscounted cash flows of lease liabilities based on the remaining maturity periods at the statement of financial position date:

	Less than a year RM	Between 1 – 2 years RM	Between 2 – 5 years RM	Total RM
At 31 December 2024				
Payables	18,914,384	-	-	18,914,384
Amount due to ultimate holding company	180,732	-	-	180,732
Amount due to penultimate holding company	908,568	-	-	908,568
Amounts due to other related companies	229,201	-	-	229,201
Amount due to a significant shareholder	77,419	-	-	77,419
Loan due to other related company	2,188,101	-	-	2,188,101
Lease liabilities	471,860	341,332	16,200	829,392
	22,970,265	341,332	16,200	23,327,797

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4 RISK MANAGEMENT POLICIES (CONTINUED)

(a) Financial risk management (continued)

Liquidity risk (continued)

	Less than a year RM	Between 1 – 2 years RM	Between 2 – 5 years RM	Over 5 years RM	Total RM
At 31 December 2023					
Payables	12,404,622	-	-	-	12,404,622
Amount due to ultimate holding company	960,522	-	-	-	960,522
Amount due to penultimate holding company	2,477,186	-	-	-	2,477,186
Amounts due to other related companies	592,490	-	-	-	592,490
Amount due to a significant shareholder	43,993	-	-	-	43,993
Loan due to other related company	6,697,244	-	-	-	6,697,244
Lease liabilities	563,065	454,931	694,073	16,331	1,728,400
	23,739,122	454,931	694,073	16,331	24,904,457

(b) Capital risk management policies

The primary objective of the Company's capital management policies are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 years ended 31 December 2024 and 31 December 2023.

The Company monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes the loan due to other related company. Equity includes share capital and retained earnings.

The reduction in gearing ratio was mainly due to repayment of loan due to other related company during the financial year.

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4 RISK MANAGEMENT POLICIES (CONTINUED)

(b) Capital risk management policies (continued)

The gearing ratio analysis for Company is as disclosed below:

	2024 RM	2023 RM
Loan due to other related company	2,000,000	6,400,000
Total equity	35,172,335	26,479,593
Gearing Ratio	5.7%	24.2%

5 REVENUE

Revenue of the Company is derived from the following type:

	2024 RM	2023 RM
Disaggregation of revenue from contracts with customers:		
Security services income	136,141,166	127,804,781
Commercial services income	1,574,528	3,828,234
Training income	3,271,855	2,904,123
Sale of fire extinguishers and other security products	985,510	777,688
Pest control services income	509,701	224,010
	142,482,760	135,538,836
Timing of revenue recognition:		
- point in time	2,542,726	4,605,922
- over time	139,940,034	130,932,914
	142,482,760	135,538,836

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6 OTHER OPERATING INCOME

	2024 RM	2023 RM
Training fee grant received	495,328	843,573
Insurance reimbursement	3,000	16,000
Gain on termination of lease contract (net)	1,460	-
Other operating income	57,187	83,377
	556,975	942,950

7 REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS (NET)

	2024 RM	2023 RM
Reversal of impairment/(Provision for impairment) on:		
- amount due from ultimate holding body	1,010,521	1,800,099
- amounts due from other related companies	192,276	630,732
- amount due from a significant shareholder	(3,338)	3,033
	1,199,459	2,433,864

8 FINANCE INCOME AND FINANCE COSTS

	2024 RM	2023 RM
Finance income and finance costs are as follows:		
Finance income:		
- interest income from fixed deposit placements	228,676	121,533
Finance costs:		
- interest expense on lease liabilities	(66,008)	(83,461)
- interest expense on loan due to other related company	(188,101)	(297,244)
	(254,109)	(380,705)

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9 PROFIT BEFORE ZAKAT AND TAXATION

The following amounts have been charged in arriving at profit before zakat and taxation:

	2024 RM	2023 RM
Property, plant and equipment:		
- depreciation	856,776	1,001,720
- write-offs	7,411	6,453
Right-of-use assets:		
- depreciation	437,600	431,101
Rental of low value assets	312,504	354,650
Auditors' remuneration	35,900	35,100
Computer services expenses	2,520,059	1,754,127
Management fees paid to penultimate holding company	513,597	489,140
Staff costs *	113,408,356	108,177,614

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

	2024 RM	2023 RM
Wages, salaries and bonuses	88,305,091	81,250,017
Defined contribution plan	13,675,503	12,784,719
Defined benefit plan (Note 23)	635,629	2,549,671
Other employee benefits	10,792,133	11,593,207
	113,408,356	108,177,614

10 ZAKAT

	2024 RM	2023 RM
Movement in zakat liability:		
1 January	-	-
Current financial year's zakat expenses	251,418	-
Zakat paid	(251,418)	-
31 December	-	-

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11 TAXATION

	2024 RM	2023 RM
Malaysia income taxation:		
- In respect of current financial year	51,167	31,251
Deferred taxation (Note 14)	1,885,616	2,531,632
Taxation	1,936,783	2,562,883

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

	2024 RM	2023 RM
Profit before taxation and after zakat	10,723,924	12,619,607
Tax calculated at a tax rate of 24% (2023: 24%)	2,573,742	3,028,706
Tax effects of:		
- expenses not deductible for tax purposes	22,734	132,110
- income not subject to tax	(301,764)	(584,128)
- over recognition of temporary differences in prior financial year	(357,929)	(13,805)
Taxation	1,936,783	2,562,883

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12 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RM	Office equipmeny, furniture and fittings RM	Buildings, structures and renovations RM	Canine RM	Asset under construction RM	Total RM
2024						
Cost						
At 1 January	9,326,771	5,917,099	13,718,992	105,106	186,500	29,254,468
Additions	611,040	256,118	88,750	68,500	186,500	1,210,908
Write-offs	(919,921)	(390,687)	(2)	-	-	(1,310,610)
At 31 December	9,017,890	5,782,530	13,807,740	173,606	373,000	29,154,766
Accumulated depreciation						
At 1 January	9,014,358	5,592,656	9,768,172	19,312	-	24,394,498
Charge for the financial year	155,540	132,588	552,896	15,752	-	856,776
Write-offs	(914,477)	(388,722)	-	-	-	(1,303,199)
At 31 December	8,255,421	5,336,522	10,321,068	35,064	-	23,948,075
Net book value						
At 31 December	762,469	446,008	3,486,672	138,542	373,000	5,206,691

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM	Office equipmeny, furniture and fittings RM	Buildings, structures and renovations RM	Canine RM	Asset under construction RM	Total RM
2023						
Cost						
At 1 January	9,797,890	6,165,664	13,714,347	46,697	-	29,724,598
Additions	6,500	64,314	4,700	60,800	186,500	322,814
Write-offs	(477,619)	(312,879)	(55)	(2,391)	-	(792,944)
At 31 December	9,326,771	5,917,099	13,718,992	105,106	186,500	29,254,468
Accumulated depreciation						
At 1 January	9,363,838	5,683,182	9,119,662	12,587	-	24,179,269
Charge for the financial year	121,706	222,348	648,550	9,116	-	1,001,720
Write-offs	(471,186)	(312,874)	(40)	(2,391)	-	(786,491)
At 31 December	9,014,358	5,592,656	9,768,172	19,312	-	24,394,498
Net book value						
At 31 December	312,413	324,443	3,950,820	85,794	186,500	4,859,970

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13 RIGHT-OF-USE ASSETS

	Leasehold land RM	Buildings, structures and renovations RM	Total RM
2024			
Cost			
At 1 January	588,477	4,733,635	5,322,112
Addition	-	77,175	77,175
Termination of lease contract	-	(11,309)	(11,309)
At 31 December	588,477	4,799,501	5,387,978
Accumulated depreciation			
At 1 January	127,798	3,793,900	3,921,698
Charge for the financial year	5,944	431,656	437,600
Termination of lease contract	-	(1,460)	(1,460)
At 31 December	133,742	4,224,096	4,357,838
Net book value			
At 31 December	454,735	575,405	1,030,140
2023			
Cost			
At 1 January/31 December	588,477	4,733,635	5,322,112
Accumulated depreciation			
At 1 January	121,854	3,368,743	3,490,597
Charge for the financial year	5,944	425,157	431,101
At 31 December	127,798	3,793,900	3,921,698
Net book value			
At 31 December	460,679	939,735	1,400,414

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14 DEFERRED TAX ASSETS

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:

	2024 RM	2023 RM
Deferred tax assets	4,621,031	6,506,647
At 1 January	6,506,647	9,038,279
Credited/(Charged) to profit or loss: (Note 11)		
- payables	1,548,487	175,764
- lease liabilities	(100,542)	(108,857)
- unabsorbed tax losses	(3,790,385)	(2,216,244)
- unutilised capital allowances	-	(276,816)
- property, plant and equipment	369,385	(207,517)
- right-of-use assets	87,439	102,038
	(1,885,616)	(2,531,632)
At 31 December	4,621,031	6,506,647
Deferred tax assets:		
- payables	3,887,038	2,338,551
- lease liabilities	168,079	268,621
- unabsorbed tax losses	1,256,213	5,046,598
Amount before offsetting	5,311,330	7,653,770
Offsetting	(690,299)	(1,147,123)
	4,621,031	6,506,647
Deferred tax liabilities:		
- property, plant and equipment	(552,202)	(921,587)
- right-of-use assets	(138,097)	(225,536)
Amount before offsetting	(690,299)	(1,147,123)
Offsetting	690,299	1,147,123
	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15 INVENTORIES

	2024 RM	2023 RM
Stores, consumables and replaceable products	295,976	88,091

16 TRADE, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RM	2023 RM
Trade receivables	252,305	125,753
Sales and services tax receivable	588,283	620,343
Deposits	526,285	455,429
Prepayments	547,861	588,908
	1,914,734	1,790,433

Trade receivables, other receivables, deposits and prepayments are denominated in Ringgit Malaysia.

Credit terms of trade receivables are 30 days (2023: 30 days).

The impact of ECL on the trade receivables and other receivables is deemed immaterial to the Company for the current and previous financial years.

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17 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING BODY, PENULTIMATE HOLDING COMPANY, OTHER RELATED COMPANIES AND A SIGNIFICANT SHAREHOLDER

	2024 RM	2023 RM
Non-current asset		
Amount due from ultimate holding body	233,716	829,975
Loss allowance	(233,716)	(829,975)
	-	-
Current assets		
Amount due from ultimate holding body	6,325,193	12,686,081
Amount due from penultimate holding company	201,498	135,818
Amounts due from other related companies	20,882,687	19,246,177
Amount due from a significant shareholder	360,530	331,581
	27,769,908	32,399,657
Loss allowance:		
- amount due from ultimate holding body	(395,605)	(809,867)
- amounts due from other related companies	(82,048)	(274,324)
- amount due from a significant shareholder	(22,614)	(19,276)
	(500,267)	(1,103,467)
	27,269,641	31,296,190
Current liabilities		
Amount due to ultimate holding body	180,732	960,522
Amount due to penultimate holding company	908,568	2,477,186
Amounts due to other related companies	229,201	592,490
Amount due to a significant shareholder	77,419	43,993
	1,395,920	4,074,191

Amounts due from/(to) ultimate holding body, penultimate holding company, other related companies and a significant shareholder are unsecured, interest free, denominated in Ringgit Malaysia and have no fixed terms of repayment except for trade related transactions which have credit terms ranging from 30 to 60 days (2023: 30 to 60 days).

The fair value of the amounts due to ultimate holding body, penultimate holding company, other related companies and a significant shareholder approximate their carrying value, as the impact of discounting is not significant.

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17 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING BODY, PENULTIMATE HOLDING COMPANY, OTHER RELATED COMPANIES AND A SIGNIFICANT SHAREHOLDER (CONTINUED)

Reconciliation of loss allowance using simplified approach

The loss allowance for amounts due from ultimate holding body, penultimate holding company, other related companies and a significant shareholder reconciles to the opening loss allowance for that provision as follows:

	Credit impaired RM	Non-credit impaired RM	Total RM
Opening loss allowance as at 1 January 2023	3,462,250	905,056	4,367,306
Decrease in loss allowance	(1,803,132)	(630,732)	(2,433,864)
Closing loss allowance as at 31 December 2023/1 January 2024	1,659,118	274,324	1,933,442
Decrease in loss allowance	(1,007,183)	(192,276)	(1,199,459)
Closing loss allowance as at 31 December 2024	651,935	82,048	733,983

The following table contains an analysis of the credit risk exposure of amounts due from for which an ECL allowance is recognised. Their gross carrying amounts disclosed below also represents the company's maximum exposure to credit risk on these assets, based on collective and individual impairment assessment:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
2024					
Gross carrying amount (RM)	12,457,925	7,437,147	5,794,571	2,313,981	28,003,624
Loss allowance – credit impaired (individual impairment) (RM)	-	-	-	(651,935)	(651,935)
	12,457,925	7,437,147	5,794,571	1,662,046	27,351,689
Expected credit loss rate (%)	0.03%	0.05%	0.07%	4.25%	
Loss allowance – non-credit impaired (collective impairment) (RM)	(3,708)	(3,652)	(4,080)	(70,608)	(82,048)
Carrying amount (net of loss allowance) (RM)	12,454,217	7,433,495	5,790,491	1,591,438	27,269,641

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17 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING BODY, PENULTIMATE HOLDING COMPANY, OTHER RELATED COMPANIES AND A SIGNIFICANT SHAREHOLDER (CONTINUED)

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
2023					
Gross carrying amount (RM)	11,257,525	9,770,894	2,386,668	9,814,545	33,229,632
Loss allowance – credit impaired (individual impairment) (RM)	-	-	-	(1,659,118)	(1,659,118)
	11,257,525	9,770,894	2,386,668	8,155,427	31,570,514
Expected credit loss rate (%)	0.13%	0.23%	0.34%	2.81%	
Loss allowance – non-credit impaired (collective impairment) (RM)	(14,504)	(22,163)	(8,186)	(229,471)	(274,324)
Carrying amount (net of loss allowance) (RM)	11,243,021	9,748,731	2,378,482	7,925,956	31,296,190

18 DEPOSITS, CASH AND BANK BALANCES

	2024 RM	2023 RM
Fixed deposits from licensed bank	18,596,411	6,696,411
Cash and bank balances	6,049,266	4,270,895
Cash and cash equivalents	24,645,677	10,967,306

Fixed deposits, cash and bank balances are denominated in Ringgit Malaysia.

The weighted average interest rates of fixed deposits that were effective at the financial year end were 3.07% per annum (2023: 3.02% per annum).

Fixed deposits as at 31 December 2024 for the Company have average maturity periods of 23 days (2023: 11 days).

Bank balances are deposits held at call with banks and earn no interest.

The fair values of the deposits, cash and bank balances approximate their respective carrying values, as the impact of discounting is not significant.

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19 SHARE CAPITAL

	2024 Number of shares	2023 Number of shares	2024 RM	2023 RM
Issued and fully paid up:				
Ordinary shares, with no par value				
At 1 January/31 December	2,880,000	2,880,000	12,843,666	12,843,666

20 TRADE, OTHER PAYABLES AND ACCRUALS

	2024 RM	2023 RM
Trade payables	722,574	640,100
Other payables and accruals	20,024,512	13,545,919
	20,747,086	14,186,019

Trade payables, other payables and accruals are denominated in Ringgit Malaysia.

Credit term of trade payables is 30 days (2023: 30 days).

The fair value of trade, other payables and accruals equals their carrying value, as the impact of discounting is not significant.

Employee related payable included in payable amounted to RM1,832,702 (2023: RM1,781,397) for the financial year.

21 LEASE LIABILITIES

	2024 RM	2023 RM
At 1 January	1,119,255	1,572,824
Addition	77,175	-
Interest accretion	66,008	83,461
Repayments	(550,800)	(537,030)
Termination of lease contract	(11,309)	-
At 31 December	700,329	1,119,255
Non-current	176,469	617,165
Current	523,860	502,090
	700,329	1,119,255

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21 LEASE LIABILITIES (CONTINUED)

Cash outflows for leases of the Company are as follows:

	2024 RM	2023 RM
Rental of low value assets	312,504	354,650
Payments of lease liabilities	550,800	537,030

22 LOAN DUE TO OTHER RELATED COMPANY

	2024 RM	2023 RM
At 1 January/31 December	2,000,000	6,400,000

Loan due to other related company is unsecured and bears a rate of interest at 4.11% (2023: 4.17%) per annum are denominated in Ringgit Malaysia.

The loan due to other related company were repayable within 1 year.

The fair values of the loan due to other related company amounts approximate their respective carrying values, as the impact of discounting is not significant.

23 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates defined benefit retirement plan in Malaysia for all eligible employees. The plans lump sum payments depend on members' length of service and their salary in the final year leading up to retirement. As the retirement benefit plan is unfunded, the Company meets the defined benefit payment obligations as it falls due.

	2024 RM	2023 RM
Non-current	4,947,284	4,687,994

The movements during the financial year in the amounts recognised in the statement of financial position of the Company are as follows:

	2024 RM	2023 RM
As at 1 January	4,687,994	2,403,905
Charged to profit or loss	635,629	2,549,671
Benefits paid	(470,738)	(431,310)
Charged to other comprehensive income	94,399	165,728
At 31 December	4,947,284	4,687,994

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23 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in the statement of financial position are determined as follows:

	2024 RM	2023 RM
Present value of unfunded obligations	4,947,284	4,687,994

The amounts recognised in profit or loss are as follows:

	2024 RM	2023 RM
Current service cost	429,071	2,356,588
Interest cost	206,558	193,083
Charged to profit or loss	635,629	2,549,671

The amounts recognised in other comprehensive loss are as follows:

	2024 RM	2023 RM
Remeasurements:		
- changes in financial assumption	88,518	177,026
- experience adjustments	5,563	(10,956)
- transfers recognised in other comprehensive income	318	(342)
Charged to other comprehensive loss	94,399	165,728

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

	2024 %	2023 %
Discount rate	4.40	4.70
Expected rate of salary increase	5.00	5.00

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23 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	%	RM	RM
2024			
Discount rate	1%	(275,992)	336,287
Salary growth rate	1%	76,423	(132,112)
2023			
Discount rate	1%	(245,788)	299,951
Salary growth rate	1%	78,601	(128,111)

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 did not change compared to the previous financial year.

The weighted average duration of the defined benefit obligation is 21 years (2023: 22 years).

The expected maturity analysis of undiscounted retirement benefit as follows:

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RM	RM	RM	RM	RM
At 31 December 2024	496,256	503,585	943,818	14,168,989	16,112,648
At 31 December 2023	459,924	480,210	1,124,859	14,073,259	16,138,252

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24 CAPITAL COMMITMENTS

Capital expenditure authorised but not provided for in the financial statements are as follows:

	2024 RM	2023 RM
Property, plant and equipment:		
- authorised and contracted	884,489	587,240

25 FINANCIAL INSTRUMENTS BY CATEGORY

	At amortised cost	
	2024 RM	2023 RM
Assets as per statement of financial position		
Trade, other receivables and deposits (excluding sales and services tax receivable and prepayment)	778,590	581,182
Amount due from ultimate holding body	5,929,588	11,876,214
Amount due from penultimate holding company	201,498	135,818
Amounts due from other related companies	20,800,639	18,971,853
Amount due from a significant shareholder	337,916	312,305
Deposits, cash and bank balances	24,645,677	10,967,306
	52,693,908	42,844,678
Liabilities as per statement of financial position		
Trade, other payables and accruals (excluding employee related payable)	18,914,384	12,404,622
Amount due to a ultimate holding body	180,732	960,522
Amount due to penultimate holding company	908,568	2,477,186
Amounts due to other related companies	229,201	592,490
Amount due to a significant shareholder	77,419	43,993
Loan due to other related company	2,000,000	6,400,000
Lease liabilities	700,329	1,119,255
	23,010,633	23,998,068

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26 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate body is a statutory body corporate set up under the Land Development Act 1956, and controlled body by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Company has 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; and
(ii) Placing of bank deposits with government-related financial institutions

These transactions are conducted in the ordinary course of the Company's business on terms consistently applied in accordance with the Company's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding body
FGV Holdings Berhad ("FGVH")	Penultimate holding company
FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	Subsidiary of FGVH
FGV Capital Sdn. Bhd ("FGVC")	Subsidiary of FGVH
FGV Palm Industries Sdn. Bhd. ("FGVPISB")	Subsidiary of FGVH
FGV Refineries Sdn. Bhd. ("FGVRSB")	Subsidiary of FGVH
FGV Rubber Industries Sdn. Bhd. ("FGVRISB")	Subsidiary of FGVH
FGV Johor Bulkers Sdn. Bhd. ("FJB")	Subsidiary of FGVH
FGV Bulkers Sdn. Bhd. ("FGVBSB")	Subsidiary of FGVH
FGV Agri Services Sdn. Bhd. ("FGVASSB")	Subsidiary of FGVH
FGV Transport Services Sdn. Bhd. ("FGVTSSB")	Subsidiary of FGVH

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26 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below other significant related party transactions.

		2024	2023
		RM	RM
(a)	Sales of services:		
	- FGVPM	61,738,180	55,977,035
	- FGVPISB	29,396,316	26,976,784
	- FELDA	19,854,131	20,199,081
	- FGVTSSB	3,487,045	3,435,168
	- FGVASSB	2,708,091	2,345,284
	- FGVBSB	2,604,291	2,662,078
	- FJB	1,994,323	1,982,719
	- FGVRSB	1,643,010	1,655,810
	- FGVRISB	791,003	748,981
(b)	Sales of safety equipment:		
	- FGVPM	988,049	2,079,747
	- FGVPISB	197,225	1,117,469
	- FELDA	68,112	32,675
	- FGVTSSB	31,313	29,479
	- FGVASSB	29,035	129,477
(c)	Management fee paid to FGVH	(513,597)	(489,140)
(d)	Loan repayment to other related company FGVC	(4,400,000)	(2,100,000)
(e)	Interest expense paid on loan due to FGVC	(188,101)	(297,244)

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NOTES TO THE FINANCIAL STATEMENTS
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26 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Key management compensation

Key management personnel comprise Directors and Senior Management with the rank of Vice President and above of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

	2024 RM	2023 RM
Salaries and other short-term employee benefits	326,753	258,924

27 DIRECTORS' REMUNERATION

The details of Directors' remuneration are set out below:

	2024 RM	2023 RM
Directors' remuneration:		
- Fees	72,000	70,742
- Meeting allowance	1,500	500
Total	73,500	71,242

28 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2025.

Registration No.
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FGV PRODATA SYSTEMS SDN. BHD.
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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Aznur Kama Binti Azmir	
Fakhrunniam Bin Othman	
Shamsuri Jasri Bin Abdul Rahman	(Appointed w.e.f. 9 December 2024)
Mohd Helmi Fakhzan Bin Abd Wahab	(Appointed w.e.f. 27 December 2024)
Raja Faridah Binti Raja Ahmad	(Resigned w.e.f. 27 December 2024)

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of information technology solutions, sales of computer hardware, software and equipment and system support services. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Net profit for the financial year	11,538,469

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 31 December 2023 are as follows:

In respect of the financial year ended 31 December 2024:	RM
First interim single tier dividend of 15 sen per share, paid on 27 March 2024	1,875,000

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

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

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DIRECTORS' REPORT (CONTINUED)

DIRECTOR' 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 holding company or subsidiaries of the holding company during the financial year, except as follows:

Shareholdings in MSMH, a subsidiary of intermediate holding company, FGV Holdings Berhad ("FGVH")

	Number of ordinary shares			
	At 1.1.2024	Acquired	Disposed	At 31.12.2024
Aznur Kama binti Azmir	700	-	-	700

AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	2024 RM	2023 RM
Principal auditors' remuneration:		
- Audit fee	81,000	79,100

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024 RM	2023 RM
Directors' remuneration:		
- Salary and other emoluments	35,856	-
- Fees and allowances	55,000	54,500
	90,856	54,500

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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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, other than debts, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records 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 amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements 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 Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 Company for the financial year in which this report is made.

HOLDING COMPANIES

The Directors regard Felda Holdings Berhad., FGVH and Federal Land Development Authority ("FELDA") as the immediate, intermediate and ultimate holding companies respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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DIRECTORS' REPORT (CONTINUED)

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 25 April 2025.

Signed on behalf of the Board of Directors:

AZNUR KAMA BINTI AZMIR
DIRECTOR

SHAMSURI JASRI BIN ABDUL RAHMAN
DIRECTOR

Kuala Lumpur

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(Incorporated in Malaysia)

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

We, Aznur Kama Binti Azmir and Shamsuri Jasri Bin Abdul Rahman, two of the Directors of FGV Prodata Systems Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 74 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance and cash flows of the Company for the financial year ended on that date in accordance with the 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 25 April 2025.

AZNUR KAMA BINTI AZMIR
DIRECTOR

SHAMSURI JASRI BIN ABDUL RAHMAN
DIRECTOR

Kuala Lumpur

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

I, Zurina binti Taib, the Officer primarily responsible for the financial management of FGV Prodata Systems Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 74 are, to be 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.

ZURINA BINTI TAIB
MIA membership no: 19671

Subscribed and solemnly declared by the abovenamed Zurina binti Taib in Kuala Lumpur on 25 April 2025, before me

PESURUHJAYA SUMPAH
W-766
ZAINUDDIN BIN
ABDUL RAZAK
BC/Z/316
1/1/2024 - 20/8/2025
MALAYSIA

COMMISSIONER FOR OATHS

1-1-16, Tingkat 1,
Diamond Square Commercial Centre
Jalan Semarak Api, (Jln 1/50)
Off Jalan Gombak,
53000 Kuala Lumpur.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV PRODATA SYSTEMS SDN. BHD.

(Incorporated in Malaysia)
Registration No. 199501024739 (353944-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Prodata Systems Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 74.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV PRODATA SYSTEMS SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024739 (353944-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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.

<u>Responsibilities of the Directors for the financial statements</u>

The Directors of the Company are responsible for the preparation of the financial statements 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

<u>Auditors' responsibilities for the audit of the financial statements</u>

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV PRODATA SYSTEMS SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024739 (353944-K)

REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV PRODATA SYSTEMS SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501024739 (353944-K)

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

MAHESH A/L RAMESH
03428/04/2027 J
Chartered Accountant

Kuala Lumpur
25 April 2025

Registration No.
199501024739 (353944-K)

FGV PRODATA SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
Revenue	6	280,819,121	210,907,430
Cost of sales		(255,411,086)	(189,201,858)
Gross profit		25,408,035	21,705,572
Other operating income	7	166,591	266,986
Administrative expenses		(16,116,680)	(15,015,806)
(Impairment)/reversal of impairment of financial assets (net)	10	(848,013)	1,647,775
Operating profit		8,609,933	8,604,527
Finance income	8	1,619,797	494,853
Finance costs	8	(2,296,022)	(1,236,695)
Profit before taxation	9	7,933,708	7,862,685
Zakat	12	(181,376)	-
Taxation	13	3,786,137	(60,759)
Net profit for the financial year		11,538,469	7,801,926
Other comprehensive loss:			
Item that will not be reclassified to profit or loss			
Actuarial loss on defined benefit plan	25	(22,327)	(36,452)
Total comprehensive income for the financial year		11,516,142	7,765,474

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FGV PRODATA SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Non-curent assets			
Property, plant and equipment	14	24,112,245	24,853,224
Intangible assets	15	2,349,527	2,581,604
Investment properties	16	1,549,726	1,644,283
Receivables, deposits and prepayments	17	22,210,246	22,953,687
Right-of-use assets	18	4,040,931	6,238,210
Deferred tax assets	24	3,803,657	-
		58,066,332	58,271,008
Current assets			
Inventories	20	4,433,628	9,113,167
Receivables, deposits and prepayments	17	46,499,552	29,598,362
Tax recoverable		158,437	912,585
Contract assets	19	12,643,567	24,680,349
Amount due from ultimate holding company	21	21,324,652	10,463,242
Amount due from intermediate holdings company	21	4,711,180	981,394
Amounts due from other related companies	21	10,795,786	8,968,368
Deposits, cash and bank balances	22	34,085,591	12,557,290
		134,652,393	97,274,757
Total assets		192,718,725	155,545,765
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	37,933,558	37,933,558
Retained earnings		49,448,160	39,807,018
Shareholders' equity		87,381,718	77,740,576

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FGV PRODATA SYSTEMS SDN. BHD.
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
Non-current liabilities			
Provision for defined benefit plan	25	970,802	879,247
Lease liabilities	27	19,711,029	21,717,425
		20,681,831	22,596,672
Current liabilities			
Trade payables, accruals and other liabilities	26	73,445,373	38,684,981
Contract liabilities	28	943,764	2,817,409
Lease liabilities	27	8,104,558	7,119,595
Deferred government grant	29	250,674	282,304
Amount due to ultimate holding company	21	1,730,129	5,136,683
Amount due to intermediate holding company	21	52,260	848,046
Amounts due to other related companies	21	128,418	319,499
		84,655,176	55,208,517
Total liabilities		105,337,007	77,805,189
Total equity and liabilities		192,718,725	155,545,765

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FGV PRODATA SYSTEMS SDN. BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM	Distributable Retained earnings RM	Total equity RM
2024				
At 1 January 2024		37,933,558	39,807,018	77,740,576
Net profit for the financial year		-	11,538,469	11,538,469
Other comprehensive loss:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan		-	(22,327)	(22,327)
Total comprehensive income for the financial year		-	11,516,142	11,516,142
Transaction with owner				
Dividend paid for the financial year ended 31 December 2024	5	-	(1,875,000)	(1,875,000)
At 31 December 2024		37,933,558	49,448,160	87,381,718
2023				
At 1 January 2023		37,933,558	32,041,544	69,975,102
Net profit for the financial year		-	7,801,926	7,801,926
Other comprehensive loss:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan		-	(36,452)	(36,452)
Total comprehensive income for the financial year		-	7,765,474	7,765,474
At 31 December 2023		37,933,558	39,807,018	77,740,576

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FGV PRODATA SYSTEMS SDN. BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	11,538,469	7,801,926
Adjustments for:		
Taxation	(3,786,137)	60,759
Zakat	181,376	-
Depreciation of property, plant and equipment	13,154,669	15,615,045
Depreciation of right-of-use assets	2,197,279	3,278,452
Amortisation of intangible assets	1,090,399	819,928
Depreciation of investment properties	94,557	94,558
Property, plant and equipment written off	635	-
Impairment/(reversal of impairment) on receivables	855,482	(815,841)
Impairment/(reversal of impairment) on amount due from ultimate holding company	430,479	(1,121,020)
(Reversal of impairment)/impairment on amount due from other related companies	(349,960)	1,206,767
Reversal of impairment on contract assets	(87,988)	(917,681)
Provision for retirement benefit plan	106,228	385,668
Interest on lease liabilities	1,699,767	845,462
Interest on short-term borrowing	596,255	391,233
Interest income	(271,914)	(155,591)
Accretion of interest on receivables	(1,347,883)	(339,262)
Operating profit before working capital changes	26,101,713	27,150,403
Changes in working capital:		
Inventories	4,679,539	(4,021,961)
Contract assets	12,124,770	22,458,331
Receivables	(8,954,767)	25,102
Contract liabilities	(1,873,645)	(1,316,978)
Payables and grant	33,409,438	(17,094,369)
Intercompany	(20,892,554)	13,524,214
Cash flow generated from operations	44,594,494	40,724,742
Tax refunded	744,792	-
Tax paid	(8,164)	(99,076)
Zakat paid	(181,376)	-
Retirement benefits paid	(37,000)	(60,830)
Net cash flow generated from operating activities	45,112,746	40,564,836

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,095,001)	(11,719,081)
Purchase of intangible asset		(858,322)	(608,844)
Interest received		271,914	155,591
Net cash flow used in investing activities		(11,681,409)	(12,172,334)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,875,000)	-
Repayment of lease liabilities		(9,431,781)	(16,260,856)
Drawdown of short-term borrowings		29,757,617	14,000,000
Payment of short-term borrowings		(29,757,617)	(20,000,000)
Interest payment of short-term borrowings		(596,255)	(391,233)
Decrease in restricted cash		-	5,600,000
Net cash flow used in financing activities		(11,903,036)	(17,052,089)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,528,301	11,340,413
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		12,485,397	1,144,984
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	22	34,013,698	12,485,397

NOTES TO THE STATEMENT OF CASH FLOWS

(a) Purchase of property, plant and equipment

	2024 RM	2023 RM
Aggregate cost of property, plant and equipment purchased during the financial year	12,414,325	11,719,081
Unpaid balances included in payables	(1,319,324)	-
Total cash paid during the financial year	11,095,001	11,719,081

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

(b) Cash flow and non-cash charges arising from financing activities are as follows:

				Non-cash changes		
	At 1 January	Drawdown	Repayment of principal and interest	Lease addition	Interest accretion	At 31 December
	RM	RM	RM	RM	RM	RM
2024						
Short-term borrowings	-	29,757,617	(30,353,872)	-	596,255	-
Lease liabilities	28,837,020	-	(9,431,781)	6,710,581	1,699,767	27,815,587
	28,837,020	29,757,617	(39,785,653)	6,710,581	2,296,022	27,815,587
2023						
Short-term borrowings	6,000,000	14,000,000	(20,391,233)	-	391,233	-
Lease liabilities	21,667,953	-	(16,260,856)	22,584,461	845,462	28,837,020
	27,667,953	14,000,000	(36,652,089)	22,584,461	1,236,695	28,837,020

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FGV PRODATA SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur.

The principal activities of the Company are the provision of information technology solutions, sales of computer hardware, software and equipment and system support services. There has been no significant change in the nature of these activities during the financial year.

The Directors regard Felda Holdings Berhad., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA"), as the immediate, intermediate and ultimate holding companies respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

2 BASIS OF PREPARATION

The financial statements 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 have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies in Note 3 to the financial statements.

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

It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements during the reported period.

(i) The Company has applied the following accounting pronouncements for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

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FGV PRODATA SYSTEMS SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(ii) Accounting pronouncements that are effective after 1 January 2025 and have not been early adopted by the Company:

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2025. The Company has not early adopted these new standards and amendments. None of these is expected to have a significant effect on the financial statements of the Company, except for the following set out below:

Effective annual periods beginning on or after 1 January 2027

- MFRS 18 'Presentation and Disclosure in Financial Statements' which aims to enhance the financial reporting quality and replaces MFRS 101 'Presentation of Financial Statements'. The new standard introduces a new structure of profit or loss statement whereby income and expenses are classified into 3 new main categories:
  i. Operating category which typically includes results from the main business activities
  ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  iii. Financing category that presents income and expenses from financing liabilities (such as bank borrowings and lease liabilities)

  The standard also requires the entity to present specific totals and subtotals in the statement of profit or loss, specifies the disclosure of management-defined performance measures as well as the aggregation and disaggregation of information in the financial statements and accompanying notes.

  MFRS 18 will be applied retrospectively. The Company is currently assessing the financial impact that may arise from the adoption of the above amendments to published standards.

The following accounting pronouncements are currently being assessed by the Company and are not expected to have any significant impact on the financial statements of the Company.

Effective annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on 'Lack of Exchangeability'

Effective annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 & 7 on Amendments to Classification and Measurement of Financial Instruments

Effective annual periods beginning on or after 1 January 2027

- MFRS 19 'Subsidiary without Public Accountability: Disclosures'

3 MATERIAL ACCOUNTING POLICIES

The material 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) 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.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company 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 year in which they are incurred.

All other property, plant and equipment are depreciated on a straight line basis to write-off the cost of each asset to their residual values over estimated useful lives summarised as follows:

Property, plant and equipment	Estimated useful lives (years)
Buildings	3 to 60
Motor vehicles	5 to 20
Office equipment, furniture and fittings	2 to 25
Computers	3 to 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Depreciation on property, plant and equipment ceases at the earlier of de-recognition and classification as held for sale. Depreciation on other 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 profit or loss.

At each statement of financial position date, the Company assesses 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 material accounting policies Note 3(d) on impairment of non-financial assets.

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199501024739 (353944-K)

FGV PRODATA SYSTEMS SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Company. 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)
Buildings	30 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 Company 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 Company assesses 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 material accounting policies Note 3(d) on impairment of non-financial assets.

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FGV PRODATA SYSTEMS SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) 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 material accounting policies Note 3(d) 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:

Software	3 to 5 years

Software relates to information technology ("IT") used for services provided to related companies within the FGVH Group.

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets

Assets that have an indefinite useful life for example 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 are reviewed for possible reversal of impairment at each reporting date. Any subsequent increase of impairment is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis.

The cost of work-in-progress comprises cost of parts and labour.

The cost of finished goods comprises of purchase costs and cost of bringing the inventories to their present location and condition.

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

(f) Financial assets

Classification

The Company classifies its financial assets as 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.

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

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company 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 Company has transferred substantially all the risks and rewards of ownership.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortised cost.

(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 de-recognition 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.

Impairment

(i) Impairment for debt instruments

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

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

- Trade receivables and trade amounts due from intercompanies
- Other receivables
- Contract assets

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, there is no impairment loss identified given the financial strength of the financial institutions which the Company has relationship with.

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 Company expect to receive, over the remaining life of the financial instrument.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(i) Impairment for debt instruments (continued)

The measurement of ECL reflects:

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

(a) General 3-stage approach for other receivables

At each reporting date, the Company 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 intercompanies and contract assets

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade amount due from intercompany.

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

(ii) Significant increase in credit risk

The Company 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) 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 Company 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(iv) Groupings of instruments for ECL measurement

(a) Individual assessment

Trade receivables, trade amounts due from intercompanies and contract assets which are in default or credit-impaired are assessed individually.

Other receivables are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

(b) Collective assessment

To measure ECL, trade receivables, trade amounts due from intercompanies and contract assets arising from the Company 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 Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(v) Write-off

(a) Trade receivables, trade amounts due from intercompanies and contract assets

Trade receivables, trade amounts due from intercompanies 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and trade amounts due from intercompanies 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(v) Write-off (continued)

(b) Other debt instruments

The Company 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 Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(g) 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.

(h) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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.

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

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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) 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 Company will comply with all attached conditions.

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

The benefit of a loan at a below-market rate of interest received from a government, if any, is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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.

(j) Zakat

The Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised when the Company has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when the Company 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 Company’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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) 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 Company'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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition

(i) Revenue from contracts with customers

The Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 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.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Revenue from providing services include the provision of computer upgrading services, provision of IT services, sales of computer software and training services. Meanwhile, sales of goods include sales of computer hardware.

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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (continued)

(i) Revenue from contracts with customers (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.

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 assets is the right to consideration in exchange for goods or services that the Company has transferred to the customers. A contract asset is recognised when the services rendered by the Company exceed the amount already billed. When there is objective evidence of impairment of contract asset, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (continued)

(ii) Revenue from other sources

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

(a) Rental income

Rental income is recognised by the Company as a lessor on a straight-line basis over the lease terms, as disclosed under note 3(m)(a) to the financial statements.

(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).

(m) Leases

<u>The Company as a lessee</u>

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 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:

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leases (continued)

The Company as a lessee (continued)

(a) ROU assets (continued)

	Estimated useful lives (years)
Computer hardware	2 to 3
Buildings	3 to 60

The ROU assets are adjusted for certain re-measurement of the lease liability.

At each statement of financial position date, the Company assesses 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(d) on impairment of non-financial assets.

(b) Lease liabilities

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

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leases (continued)

<u>The Company as a lessee</u> (continued)

(b) Lease liabilities (continued)

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 Company 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 Company 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 Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 re-measurement of the lease liabilities (refer to (d) below).

(d) Reassessment of lease liabilities

The Company 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.

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a re-measurement of an existing lease liability, depending on the criteria set in MFRS 16.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leases (continued)

The Company as a lessee (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 of office rental, IT-equipment's, office furniture's 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.

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

The Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Company 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 Company 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 are subject to MFRS 9 impairment. In addition, the Company 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 Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leases (continued)

The Company as a lessor (continued)

(b) Operating leases

The Company 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 Company recognises lease payments received under operating lease, such as rental of computer hardware and software as lease income under revenue from other sources, on a straight-line basis over the lease term.

(c) Sublease classification

When the Company 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 Company applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Company 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.

(n) Employee benefits

(i) Short-term employee benefits

Salaries, wages, 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 plans

Defined contribution plans are post-employment benefit plans under which the Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(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.

The Company operates a non-funded defined benefit retirement plan. 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 the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Company 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/credited to equity in other comprehensive income in the period in which they arise.

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

(iv) Termination benefits

The Company 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 Company has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Share capital

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

(q) Provisions

Provisions are recognised when:

- the Company 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 Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) Contingent liabilities

The Company does not recognise a contingent liability but discloses its existences in the financial statements. A contingent liability is a possible obligation that arises from the 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 Company 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.

4 FINANCIAL RISK MANAGEMENT

The Company is exposed to interest rate risk (market risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors has the 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 Company's risk exposures.

(a) Interest rate risk (market risk)

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's income and operating cash flows are not materially impacted by changes in market interest rates as the interest rates are mainly at fixed rates.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to from outstanding receivables.

The Company adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Company's major classes of financial assets are receivables, amounts due from intermediate holding company and related companies and deposits, cash and bank balances. The maximum exposures approximate the carrying amount of the financial assets.

(a) Impairment of financial assets

The Company's financial assets that are subject to the ECL model include amounts due from intercompany, other receivables, and contract assets. While cash and cash equivalents are also subjected to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables, trade amounts due from intercompanies and contract assets using simplified approach

The Company applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables, trade amounts due from intercompanies and 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 receivables, trade amounts due from intercompanies and contract assets that are credit impaired are assessed for ECL on individual basis.

The trade receivables, trade amounts due from intercompanies and contract assets are categorised into the following categories for ECL purposes:

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

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables using general 3-stage approach

The Company 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). The three categories are also applied to trade receivables, trade amount due from intercompanies and contract assets when the Company performs specific assessment for these balances instead of the simplified approach above. 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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

Category	Company'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 are 180 days past due or 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

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables using general 3-stage approach (continued)

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

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

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

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

Trade receivables, trade amounts due from intercompanies and contract assets exposure are closely monitored and continuously followed up.

The 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.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations due to shortage of funds.

The Company maintains sufficient liquidity by closely monitoring its cash flows. Any surplus cash held over and above balance required for working capital management are invested in interest bearing current and fixed deposits with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by its projected cash flow.

The table below summaries the maturity profile of the Company's financial liabilities based on the remaining period at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

	Less than 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	Total RM
At 31 December 2024				
Trade payables, accruals and other liabilities*	61,066,187	-	-	61,066,187
Amount due to ultimate holding company	1,730,129	-	-	1,730,129
Amount due to intermediate holding company	52,260	-	-	52,260
Amounts due to other related companies	128,418	-	-	128,418
Lease liabilities	9,634,788	9,060,688	12,331,309	31,026,785
Total undiscounted financial liabilities	72,611,782	9,060,688	12,331,309	94,003,779
At 31 December 2023				
Trade payables, accruals and other liabilities*	34,021,273	-	-	34,021,273
Amount due to ultimate holding company	5,136,683	-	-	5,136,683
Amount due to intermediate holding company	848,046	-	-	848,046
Amounts due to other related companies	319,499	-	-	319,499
Lease liabilities	8,689,489	7,161,569	17,187,874	33,038,932
Total undiscounted financial liabilities	49,014,990	7,161,569	17,187,874	73,364,443

**Trade payables, accruals and other liabilities excluded employee related payables.*

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management policies

The Company's primary objectives on capital management policies are to safeguard the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2024 and 31 December 2023.

As at 31 December 2024, the Company is not exposed to any capital risk as there are no outstanding borrowings made with financial institutions nor related companies.

5 DIVIDENDS

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

	2024		2023	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	Sen	RM	Sen	RM
Dividends paid:				
In respect of financial year ended 31 December 2024:				
- First interim single tier dividend, paid on 27 March 2024	15	1,875,000	-	-

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

6 REVENUE

The Company derives the following types of revenue:

	2024	2023
	RM	RM
Revenue from contracts with customers	241,035,063	174,508,744
Revenue from other sources	39,784,058	36,398,686
	280,819,121	210,907,430

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6 REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers:

	2024 RM	2023 RM
Provision of computer upgrading services	100,375,659	102,857,532
Revenue recognised from provision of IT services	113,389,665	39,246,994
Sales of computer hardware and software	26,995,482	32,018,429
Training services	274,257	385,789
	241,035,063	174,508,744
Timing of revenue recognition		
- at a point in time	26,995,482	32,018,429
- over time	214,039,581	142,490,315
	241,035,063	174,508,744

All revenues are derived in Malaysia.

(b) Revenue from other source:

	2024 RM	2023 RM
Rental of computer hardware and software	39,784,058	36,398,686

7 OTHER OPERATING INCOME

	2024 RM	2023 RM
Rental income on investment properties	36,900	94,050
Others	129,691	172,936
	166,591	266,986

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8 FINANCE INCOME AND FINANCE COSTS

	2024 RM	2023 RM
Finance income:		
Accretion of interest on receivables	1,347,883	339,262
Interest income from fixed deposits	271,914	155,591
Total finance income	1,619,797	494,853
Finance cost:		
Interest on short-term borrowings	(596,255)	(391,233)
Interest on lease liabilities	(1,699,767)	(845,462)
Total finance cost	(2,296,022)	(1,236,695)
Net finance income and finance costs	(676,225)	(741,842)

9 PROFIT BEFORE TAXATION

The following amounts have been charged in arriving at profit before taxation:

	2024 RM	2023 RM
Cost incurred in relation to provision of IT services	37,398,767	42,468,282
Cost of purchased inventories	14,927,173	24,894,551
Cost incurred in relation to computer upgrading services	134,781,822	74,902,319
Property, plant and equipment:		
- Depreciation	13,154,669	15,615,045
- Write-offs	635	-
Intangible assets:		
- Amortisation	1,090,399	819,928
Depreciation of investment properties	94,557	94,558
Depreciation of right-of-use assets	2,197,279	3,278,452
Auditors' remuneration	81,000	79,100
Management fees	3,711,929	3,535,170
Staff costs*	32,637,713	27,965,163

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

	2024 RM	2023 RM
Salaries, wages and bonuses	28,108,675	23,686,872
Defined contribution plan	4,422,810	3,892,623
Defined benefit plan charge to profit (Note 25)	106,228	385,668
	32,637,713	27,965,163

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

	2024 RM	2023 RM
(Reversal of impairment)/Impairment on amounts due from other related companies	(349,960)	1,206,767
Impairment/(Reversal of impairment) on amounts due from ultimate holding company	430,479	(1,121,020)
Reversal of impairment on contract assets	(87,988)	(917,681)
Impairment/(Reversal of impairment) on receivables	855,482	(815,841)
	848,013	(1,647,775)

11 DIRECTORS' REMUNERATION

	2024 RM	2023 RM
Directors' remuneration:		
- Salary and other emoluments	35,856	-
- Fees and allowances	55,000	54,500
	90,856	54,500

12 ZAKAT

	2024 RM	2023 RM
Movement in zakat liability:		
At 1 January	-	-
Charged to profit or loss:		
- Current financial year's zakat expense	181,376	-
Zakat paid	(181,376)	-
At 31 December	-	-

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13 TAXATION

	2024 RM	2023 RM
Malaysian income tax:		
- In respect of current financial year	6,260	25,739
- In respect of prior financial year	11,260	35,020
	17,520	60,759
Deferred tax (Note 24)	(3,803,657)	-
Taxation	(3,786,137)	60,759

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

	2024 RM	2023 RM
Profit before taxation and after zakat	7,752,332	7,862,685
Malaysia corporate tax rate of 24% (2023: 24%)	1,860,560	1,887,044
Tax effects of:		
- expenses not deductible for tax purposes	726,204	127,697
- income not subject to tax	(66,999)	(397,292)
- under provision of income tax in respect of prior year	11,260	35,020
- utilisation of previously unrecognised deductible temporary differences	(3,801,190)	(1,016,090)
- under recognition of temporary differences in respect of prior year	-	(575,620)
- deferred tax assets recognised in respect of previously unrecognised tax losses	(2,515,972)	-
Taxation	(3,786,137)	60,759

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14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computers RM	Total RM
2024					
Cost					
At 1 January 2024	6,050,466	550,902	4,137,128	265,757,892	276,496,388
Additions	1	-	68,938	12,345,386	12,414,325
Write-offs	-	-	-	(4,434,591)	(4,434,591)
At 31 December 2024	6,050,467	550,902	4,206,066	273,668,687	284,476,122
Accumulated depreciation					
At 1 January 2024	917,550	543,900	3,777,281	246,404,433	251,643,164
Depreciation charge	57,351	-	318,226	12,779,092	13,154,669
Write-offs	-	-	-	(4,433,956)	(4,433,956)
At 31 December 2024	974,901	543,900	4,095,507	254,749,569	260,363,877
Net book value					
At 31 December 2024	5,075,566	7,002	110,559	18,919,118	24,112,245

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Computers RM	Total RM
2023					
Cost					
At 1 January 2023	6,050,466	550,902	4,073,235	254,550,792	265,225,395
Additions	-	-	63,893	11,655,188	11,719,081
Write-offs	-	-	-	(448,088)	(448,088)
At 31 December 2023	6,050,466	550,902	4,137,128	265,757,892	276,496,388
Accumulated depreciation					
At 1 January 2023	860,199	528,193	3,415,688	231,672,127	236,476,207
Depreciation charge	57,351	15,707	361,593	15,180,394	15,615,045
Write-offs	-	-	-	(448,088)	(448,088)
At 31 December 2023	917,550	543,900	3,777,281	246,404,433	251,643,164
Net book value					
At 31 December 2023	5,132,916	7,002	359,847	19,353,459	24,853,224

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment are the construction costs capitalised in relation to Broadband for General Population project ("BBGP") to fully offset against government grant received from Government of Malaysia – Ministry of Multimedia and Communications ("MCMC") of RM12,183,175 (2023: RM12,183,175) (Note 29).

15 INTANGIBLE ASSETS

	Software	Software development-in-progress	Total
	RM	RM	RM
2024			
Cost			
At 1 January 2024	65,005,079	1,529,584	66,534,663
Additions	858,322	-	858,322
Reclassifications	872,334	(872,334)	-
At 31 December 2024	66,735,735	657,250	67,392,985
Accumulated amortisation			
At 1 January 2024	63,953,059	-	63,953,059
Amortisation charge	1,090,399	-	1,090,399
At 31 December 2024	65,043,458	-	65,043,458
Net book value			
At 31 December 2024	1,692,277	657,250	2,349,527
2023			
Cost			
At 1 January 2023	64,274,047	1,651,772	65,925,819
Additions	314,394	294,450	608,844
Reclassifications	416,638	(416,638)	-
At 31 December 2023	65,005,079	1,529,584	66,534,663
Accumulated amortisation			
At 1 January 2023	63,133,131	-	63,133,131
Amortisation charge	819,928	-	819,928
At 31 December 2023	63,953,059	-	63,953,059
Net book value			
At 31 December 2023	1,052,020	1,529,584	2,581,604

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15 INTANGIBLE ASSETS (CONTINUED)

The gross carrying amount of fully amortised intangible assets as at 31 December 2024 that are still in use is RM63,051,322 (2023: RM63,051,322).

16 INVESTMENT PROPERTIES

	Freehold land RM	Buildings RM	Total RM
2024			
Cost			
At 1 January 2024/31 December 2024	183,600	3,243,909	3,427,509
Accumulated depreciation			
At 1 January 2024	-	1,783,226	1,783,226
Depreciation charge	-	94,557	94,557
At 31 December 2024	-	1,877,783	1,877,783
Net book value			
At 31 December 2024	183,600	1,366,126	1,549,726
2023			
Cost			
At 1 January 2023/31 December 2023	183,600	3,243,909	3,427,509
Accumulated depreciation			
At 1 January 2023	-	1,688,668	1,688,668
Depreciation charge	-	94,558	94,558
At 31 December 2023	-	1,783,226	1,783,226
Net book value			
At 31 December 2023	183,600	1,460,683	1,644,283

The following amounts have been recognised in profit or loss:

	2024 RM	2023 RM
Rental income on investment properties	36,900	94,050
Direct operating expenses arising from investment properties that generate rental income	7,152	7,152

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16 INVESTMENT PROPERTIES (CONTINUED)

The fair value of investment properties as at 31 December 2024 was RM4,420,000 (2023: RM4,270,000) for the Company based on an independent valuation carried out by a registered professional value 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 – Company as a lessor
The investment properties are leased to tenants under operating lease. The Company is not exposed to any variable lease considerations under the arrangements.

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RM	2023 RM
Non-current		
Lease receivables	28,290,735	29,034,176
Less: Loss allowance	(6,080,489)	(6,080,489)
	22,210,246	22,953,687
Current		
Trade receivables	37,439,443	25,102,375
Lease receivables	8,278,747	7,248,822
Other receivables	5,342,003	967,088
Deposits	1,436,836	1,397,289
Prepayments	1,946,670	1,971,453
	54,443,699	36,687,027
Less: Loss allowance:		
Trade receivables	(7,933,979)	(7,076,391)
Other receivable	(10,168)	(12,274)
	(7,944,147)	(7,088,665)
	46,499,552	29,598,362
	68,709,798	52,552,049

All receivables, deposits and prepayments balances are denominated in Ringgit Malaysia. Credit term of trade receivables is 30 days (2023: 30 days).

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17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	2024 RM	2023 RM
Lease receivables:		
- Receivables within 1 year	9,202,476	7,605,898
- Receivables between 1 and 5 years	23,276,920	25,194,438
	32,479,396	32,800,336
Less: Unearned interest income	(1,990,403)	(2,597,827)
	30,488,993	30,302,509
Lease receivables (net of unearned interest income):		
- Receivables within 1 year	8,278,747	7,248,822
- Receivables between 1 and 5 years	22,210,246	22,953,687
	30,488,993	30,302,509

The lease receivables as at the reporting date arise from the lease agreements entered into between lessors to lease computers hardware to government agencies for the lease terms ranging between 3 and 5 years.

(a) Reconciliation of loss allowance

(i) Trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Non-credit impaired RM	Credit impaired RM	Total RM
Opening loss allowance as at 1 January 2023	-	7,903,899	7,903,899
Decrease in loss allowance (net)	-	(827,508)	(827,508)
Loss allowance as at 31 December 2023	-	7,076,391	7,076,391
Increase in loss allowance (net)	-	857,588	857,588
At 31 December 2024	-	7,933,979	7,933,979

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17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (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 individual impairment assessment:

	Non-credit impaired	Credit impaired	Total
	RM	RM	RM
31 December 2024			
Gross carrying amount	29,505,464	7,933,979	37,439,443
Individual assessment	-	(7,933,979)	(7,933,979)
Carrying amount (net of loss allowance)	29,505,464	-	29,505,464
31 December 2023			
Gross carrying amount	18,025,984	7,076,391	25,102,375
Individual assessment	-	(7,076,391)	(7,076,391)
Carrying amount (net of loss allowance)	18,025,984	-	18,025,984

(ii) Lease receivables, other receivables and deposits using general 3 stage approach

The loss allowance for lease receivables, other receivables and deposits as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Performing	Under-performing	Non-performing	Total
	RM	RM	RM	RM
Opening loss allowance as as at 1 January 2023	-	607	6,080,489	6,081,096
Loss allowance during the financial year	-	11,667	-	11,667
Loss allowance as at 31 December 2023	-	12,274	6,080,489	6,092,763
Recoveries during the financial year	-	(2,106)	-	(2,106)
Closing loss allowance as at 31 December 2024	-	10,168	6,080,489	6,090,657

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17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Reconciliation of loss allowance (continued)

(ii) Lease receivables, other receivables and deposits using general 3 stage approach (continued)

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

31 December 2024	Performing RM	Under-performing RM	Non-performing RM	Total RM
Gross carrying amount	37,257,664	10,168	6,080,489	43,348,321
Loss allowance	-	(10,168)	(6,080,489)	(6,090,657)
Carrying amount (net of loss allowance)	37,257,664	-	-	37,257,664

31 December 2023	Performing RM	Under-performing RM	Non-performing RM	Total RM
Gross carrying amount	32,554,612	12,274	6,080,489	38,647,375
Loss allowance	-	(12,274)	(6,080,489)	(6,092,763)
Carrying amount (net of loss allowance)	32,554,612	-	-	32,554,612

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18 RIGHT-OF-USE ASSETS

	Buildings RM	Computer hardware RM	Total RM
2024			
Costs			
At 1 January 2024/31 December 2024	16,585,017	7,096,905	23,681,922
Accumulated amortisation			
At 1 January 2024	10,644,522	6,799,190	17,443,712
Charge during the financial year	1,899,564	297,715	2,197,279
At 31 December 2024	12,544,086	7,096,905	19,640,991
Net book value			
At 31 December 2024	4,040,931	-	4,040,931
2023			
Costs			
At 1 January 2023	15,173,504	6,593,163	21,766,667
Additions	1,411,513	503,742	1,915,255
At 31 December 2023	16,585,017	7,096,905	23,681,922
Accumulated amortisation			
At 1 January 2023	8,826,656	5,338,604	14,165,260
Charge during the financial year	1,817,866	1,460,586	3,278,452
At 31 December 2023	10,644,522	6,799,190	17,443,712
Net book value			
At 31 December 2023	5,940,495	297,715	6,238,210

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19 CONTRACT ASSETS

The Company contract assets relating to the provision of IT services as at financial year end can be summarised as follows:

	2024 RM	2023 RM
Contract assets		
At 1 January	25,748,351	48,206,682
Performance obligations performed	111,426,841	40,312,320
Transfer from contract assets to receivables	(123,551,611)	(62,770,651)
At 31 December	13,623,581	25,748,351
Loss allowance	(980,014)	(1,068,002)
	12,643,567	24,680,349

Reconciliation of loss allowance

Contract assets amounts using simplified approach

The loss allowance for contract asset as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Non-credit impaired RM	Credit impaired RM	Total RM
Loss allowance as at 1 January 2023	1,985,683	-	1,985,683
Reversal of loss allowance recognised in profit or loss during the financial year	(917,681)	-	(917,681)
Loss allowance as at 31 December 2023	1,068,002	-	1,068,002
Reversal of loss allowance recognised in profit or loss during the financial year	(87,988)	-	(87,988)
At 31 December 2024	980,014	-	980,014

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19 CONTRACT ASSETS (CONTINUED)

Reconciliation of loss allowance (continued)

Contract assets amounts using simplified approach (continued)

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

	Non-credit impaired	Credit impaired	Total
31 December 2024	RM	RM	RM
Gross carrying amount	13,623,581	-	13,623,581
Loss allowance	(980,014)	-	(980,014)
Carrying amount (net of loss allowance)	12,643,567	-	12,643,567
31 December 2023			
Gross carrying amount	25,748,351	-	25,748,351
Loss allowance	(1,068,002)	-	(1,068,002)
Carrying amount (net of loss allowance)	24,680,349	-	24,680,349

20 INVENTORIES

	2024	2023
	RM	RM
Work in progress	4,297,051	8,990,368
Toners	9,688	8,795
Computer equipment	117,399	108,812
Others	9,490	5,192
	4,433,628	9,113,167

Work in progress relates to the performance obligation performed during the financial year which are pertaining to point in time contract entered with customers but not yet billed as the milestone of the projects are not fulfilled as at 31 December 2024.

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21 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, INTERMEDIATE HOLDING COMPANY AND OTHER RELATED COMPANIES

	2024 RM	2023 RM
Amounts due from:		
Ultimate holding company	22,332,060	11,040,171
Intermediate holding company	4,711,180	981,394
Other related companies	23,085,412	21,607,954
	50,128,652	33,629,519
Less: Loss allowance:		
Ultimate holding company	(1,007,408)	(576,929)
Other related companies	(12,289,626)	(12,639,586)
	(13,297,034)	(13,216,515)
	36,831,618	20,413,004
Amounts due to:		
Ultimate holding company	1,730,129	5,136,683
Intermediate holding company	52,260	848,046
Other related companies	128,418	319,499
	1,910,807	6,304,228

Amounts due from/(to) ultimate holding company, intermediate holding company and other related companies are denominated in Ringgit Malaysia, unsecured, interest free and have credit terms of 30 days (2023: 30 days).

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21 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, INTERMEDIATE HOLDING COMPANY AND OTHER RELATED COMPANIES (CONTINUED)

(a) Reconciliation of loss allowance

Amounts due from ultimate holding company, intermediate holding company and other related companies using simplified approach

The loss allowance for amounts due from ultimate holding company, intermediate holding company and other related companies as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Non-credit impaired RM	Credit impaired RM	Total RM
Opening loss allowance as at 1 January 2023	-	13,130,768	13,130,768
Increase in loss allowance (net)	6,514	79,233	85,747
Loss allowance as at 31 December 2023	6,514	13,210,001	13,216,515
(Decrease)/Increase in loss allowance (net)	(6,514)	87,033	80,519
At 31 December 2024	-	13,297,034	13,297,034

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

31 December 2024	Non-credit impaired RM	Credit impaired RM	Total RM
Gross carrying amount	14,057,684	36,070,968	50,128,652
Loss allowance	-	(13,297,034)	(13,297,034)
Carrying amount (net of loss allowance)	14,057,684	22,773,934	36,831,618

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21 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, INTERMEDIATE HOLDING COMPANY AND OTHER RELATED COMPANIES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

Amounts due from ultimate holding company, intermediate holding company and other related companies using simplified approach (continued)

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

31 December 2023	Non-credit impaired RM	Credit impaired RM	Total RM
Gross carrying amount	8,121,408	25,508,111	33,629,519
Loss allowance	(6,514)	(13,210,001)	(13,216,515)
Carrying amount (net of loss allowance)	8,114,894	12,298,110	20,413,004

22 DEPOSITS, CASH AND BANK BALANCES

	2024 RM	2023 RM
Fixed deposits in licensed banks	30,471,893	10,571,893
Cash and bank balances	3,613,698	1,985,397
Fixed deposits, cash and bank balances	34,085,591	12,557,290
Less: Restricted cash	(71,893)	(71,893)
Cash and cash equivalents	34,013,698	12,485,397

All fixed deposits, cash and bank balances are denominated in Ringgit Malaysia.

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22 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

Credit rating profiles of banks in which fixed deposits have been placed are as follows:

	2024 RM	2023 RM
- AAA	30,471,893	10,571,893
Cash in hand and at banks	3,613,698	1,985,397
	34,085,591	12,557,290

The weighted average interest rates of fixed deposits that were effective at the statement of financial position date were as follows:

	2024 % per annum	2023 % per annum
- Licensed banks	3.00	2.00

Fixed deposits as at 31 December 2024 have an average maturity period of 60 days (2023: 60 days).

Bank balances are deposits held at call with banks and earn no interest.

Restricted cash of RM71,893 (2023: RM71,893) is placed as collateral for credit facility taken from the bank.

23 SHARE CAPITAL

	2024 Number of shares	2023 Number of shares	2024 RM	2023 RM
Issued and fully paid up:				
Ordinary shares, with no par value				
At 1 January/31 December	12,500,000	12,500,000	37,933,558	37,933,558

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24 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:

	2024 RM	2023 RM
Subject to income tax:		
Deferred tax assets	3,803,657	-
As at 1 January	-	-
(Charged)/credited to profit or loss:		
- Property, plant and equipment, intangible assets and investment properties	(250,111)	(3,394,455)
- Right-of-use assets	527,347	(1,130,691)
- Payables	289,280	2,058,364
- Lease liabilities	(569,765)	1,379,759
- Unused tax losses	2,515,972	-
- Unabsorbed capital allowances	1,290,934	1,087,023
	3,803,657	-
At 31 December	3,803,657	-
Deferred tax asset		
- Payables	2,356,392	2,067,112
- Lease liabilities	1,190,374	1,760,139
- Unused tax losses	2,515,972	-
- Unabsorbed capital allowances	1,969,026	678,092
Amount before offsetting	8,031,764	4,505,343
Offsetting	(4,228,107)	(4,505,343)
	3,803,657	-
Deferred tax liabilities		
- Property, plant and equipment, intangible assets and investment properties	(3,258,284)	(3,008,173)
- Right-of-use assets	(969,823)	(1,497,170)
Amount before offsetting	(4,228,107)	(4,505,343)
Offsetting	4,228,107	4,505,343
	-	-

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24 DEFERRED TAXATION (CONTINUED)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In the current year, the Directors have assessed the future financial performance of the Company and determined that it is probable that sufficient taxable profits will be available, allowing the deferred tax assets to be recognised in the statement of financial position by the Company.

The amounts of unused tax losses and deductible temporary differences for which no deferred tax assets were recognised in the prior year are as follows:

	2023
	RM
Unused tax losses	10,483,215
Deductible temporary differences	15,838,294
	26,321,509
Impact on tax 24%	6,317,162

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses will be imposed with a limit of utilisation for 7 consecutive years. In Budget 2023, the existing time limit to carry forward unutilised business losses to be extended to 10 consecutive YAs. The existing transitional provision for unutilised business losses from YA 2018 be allowed to be carried forward for 10 consecutive YAs, until YA 2028. The Company's unused tax losses as at 31 December 2024 for which no deferred tax assets were recognised based on the year of assessment ("YA") expiry for the Company are as follows:

	2024	2023
	RM	RM
YA 2030	-	10,483,215

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25 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates defined benefit retirement plans in Malaysia 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 Company meets the defined benefit payment obligations as it falls due.

	2024 RM	2023 RM
Non-current	970,802	879,247

The movements during the financial year in the amounts recognised in the statement of financial position of the Company are as follows:

	2024 RM	2023 RM
At 1 January	879,247	517,957
Charged to profit or loss (Note 9)	106,228	385,668
Remeasurement	22,327	36,452
Benefits paid	(37,000)	(60,830)
At 31 December	970,802	879,247

The remeasurements during the financial year in the amounts recognised in the other comprehensive loss of the Company are as follows:

	2024 RM	2023 RM
Remeasurement		
- Changes in financial assumptions	18,393	38,372
Experience adjustments	3,934	(1,920)
Charged to other comprehensive loss	22,327	36,452

The amounts recognised in profit or loss is as follows:

	2024 RM	2023 RM
Current service cost	51,496	42,959
Past service cost	-	294,421
Interest cost	40,107	37,405
Others	14,625	10,883
Charged to profit or loss	106,228	385,668

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25 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

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

	2024	2023
	%	%
Discount rate	4.65	4.70
Expected rate of salary increase	5.00	5.00

The sensitivity of the defined benefit obligation to changes in the principal assumptions are as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		RM	RM
Discount rate	1%	(83,626)	96,410
Salary growth rate	1%	691	(1,633)

The above sensitivity analysis is 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 did not change compared to the previous financial year.

The weighted average duration of the defined benefit obligation is 41 years (2023: 40 years).

Expected maturity analysis of undiscounted defined benefit obligation:

	Less than a year	Between 1 – 2 years	Between 2 – 5 years	Over 5 years	Total
	RM	RM	RM	RM	RM
Provision for defined benefit plan					
At 31 December 2024	67,500	44,280	182,630	2,560,848	2,855,258
At 31 December 2023	37,000	65,786	178,103	2,499,153	2,780,042

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26 TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

	2024 RM	2023 RM
Trade payables	33,704,476	14,044,078
Other payables and accruals	39,740,897	24,640,903
	73,445,373	38,684,981

All payables are denominated in Ringgit Malaysia.

Credit term of trade payables is up to 90 days (2023: 90 days).

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

27 LEASE LIABILITIES

	2024 RM	2023 RM
At 1 January	28,837,020	21,667,953
Interest on lease liabilities	1,699,767	845,462
Additions	6,710,581	22,584,461
Repayments	(9,431,781)	(16,260,856)
At 31 December	27,815,587	28,837,020
Non-current	19,711,029	21,717,425
Current	8,104,558	7,119,595
	27,815,587	28,837,020

The additions of lease liabilities include contracts that are subleased by the Company under finance leases and recognised as lease receivables amounting to RM6,710,581 (2023: RM20,669,206).

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

	2024 RM	2023 RM
Principal payment of lease liabilities	7,732,014	15,415,394
Interest payment of lease liabilities	1,699,767	845,462
	9,431,781	16,260,856

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28 CONTRACT LIABILITIES

	2024 RM	2023 RM
Contract liabilities		
At 1 January	2,817,409	4,134,387
Progress billing made, excluding amount recognised as revenue during the financial year	81,179	830,466
Revenue recognised	(1,962,824)	(2,147,444)
At 31 December	943,764	2,817,409

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 and how much relates to performance obligations that were satisfied in a prior year.

	2024 RM	2023 RM
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
- Revenue recognised from provision of IT services	1,962,824	2,147,444

29 DEFERRED GOVERNMENT GRANT

	2024 RM	2023 RM
At 1 January	282,304	330,075
Amortisation during the financial year	(31,630)	(47,771)
At 31 December	250,674	282,304

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29 DEFERRED GOVERNMENT GRANT (CONTINUED)

In the previous financial years, the Company had completed the construction of the infrastructure in relation to BBGP project and had received the full amount of the grant from Malaysian Communications and Multimedia Commission ("MCMC") to fully offset its construction cost of RM12,183,175 capitalised within property, plant and equipment (Note 14). The excess of the amount received from MCMC has been recognised as deferred government grant to offset against the cost which will be incurred during the BBGP project operation period.

30 FINANCIAL INSTRUMENTS

Financial instruments by category

	2024 RM	2023 RM
Assets as per statement of financial position		
At amortised cost		
Receivables and deposits (excluding prepayment)	66,763,128	50,580,596
Contract assets	12,643,567	24,680,349
Amount due from ultimate holding company	21,324,652	10,463,242
Amount due from intermediate holding company	4,711,180	981,394
Amount due from other related companies	10,795,786	8,968,368
Deposits, cash and bank balances	34,085,591	12,557,290
	150,323,904	108,231,239
Liabilities as per statement of financial position		
At amortised cost		
Trade payables, accruals and other liabilities*	61,066,187	34,021,273
Amount due to ultimate holding company	1,730,129	5,136,683
Amount due to intermediate holding company	52,260	848,046
Amount due to other related companies	128,418	319,499
Lease liabilities	27,815,587	28,837,020
	90,792,581	69,162,521

**Trade payables, accruals and other liabilities excluded employee related payables.*

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

Federal Land Development Authority ("FELDA"), the ultimate holding company, is a statutory body corporate set up under the Land Development Act 1956 and controlled by Malaysian Government. The Company consider that, for the purposes of MFRS 124 'Related Party Disclosure', FELDA and the Malaysian Government are 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 Company.

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31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Apart from the individually significant transactions as disclosed elsewhere in the financial statements, 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

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding company
FGV Holdings Berhad ("FGVH")	Intermediate holding company
Felda Holdings Bhd. ("FHB")	Immediate holding company
Koperasi Permodalan FELDA Malaysia Berhad ("KPF")	Related company
FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	Subsidiary of FGVH
FGV Shared Services Centre Sdn. Bhd. ("FGVSSC")	Subsidiary of FGVH
FGV Agri Services Sdn. Bhd. ("FASSB")	Subsidiary of FGVH
FGV Palm Industries Sdn. Bhd. ("FPISB")	Subsidiary of FGVH
FGV Biotechnologies Sdn. Bhd. ("FGVBSB")	Subsidiary of FGVH
FGV Rubber Industries Sdn. Bhd. ("FRISB")	Subsidiary of FGVH
FGV Security Services Sdn. Bhd. ("FSSSB")	Subsidiary of FGVH
FGV Transport Services Sdn. Bhd. ("FTSSB")	Subsidiary of FGVH
FGV Johor Bulkers Sdn. Bhd. ("FJB")	Subsidiary of FGVH
Felda Travel Sdn. Bhd. ("Travel")	Subsidiary of FGVH
Pontian United Plantations Berhad ("PUP")	Subsidiary of FGVH
FGV Refineries Sdn. Bhd. ("FVOP")	Subsidiary of FGVH
FGV Kernel Products Sdn. Bhd. ("FKP")	Subsidiary of FGVH
Delima Oil Products Sdn. Bhd. ("DOP")	Subsidiary of FGVH
FGV Bulkers Sdn. Bhd. ("FBSB")	Subsidiary of FGVH
FGV Capital Sdn. Bhd. ("FGVC")	Subsidiary of FGVH
FGV R&D Sdn. Bhd. ("FGVRD")	Subsidiary of FGVH
FGV Trading Sdn. Bhd. (''FGVTSB'')	Subsidiary of FGVH
Langsat Bulkers Sdn. Bhd. ("LBSB")	Subsidiary of FGVH
Felda Plantation Management Sdn. Bhd. ("Technoplant")	Subsidiary of FELDA
FIC Integrated Property Management Sdn. Bhd. ("FICIPM")	Subsidiary of FELDA
KPF Trading Sdn. Bhd. ("KPFT")	Subsidiary of KPF
KPF Niaga Sdn. Bhd. ("KPFN")	Subsidiary of KPF

Other than disclosed elsewhere in the financial statements, these transactions are conducted in the ordinary course of the Company's business on terms consistently applied in accordance with the Company's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

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FGV PRODATA SYSTEMS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	2024 RM	2023 RM
(a) Sales of services		
- FELDA	46,548,979	41,902,584
- FPISB	14,448,642	12,511,308
- FGVH	14,114,002	9,871,774
- FGVPM	10,300,446	12,186,585
- Technoplant	4,316,020	4,604,528
- FTSSB	2,812,796	2,664,359
- FASSB	1,924,647	1,958,914
- LBSB	1,639,151	595,693
- FJB	1,434,632	2,183,060
- DOP	1,386,945	1,209,818
- FBSB	1,376,652	397,686
- KPF	1,306,011	1,339,812
- FICIPM	886,169	889,348
- R&D	872,882	661,644
- FGVTSB	726,364	1,113,782
- FSSSB	686,037	684,725
- FGVSSC	647,502	570,937
- PUP	552,748	367,624
- FRISB	528,746	577,885
- KPFN	523,310	544,162
- KFPT	444,902	926,409
- FKP	417,697	513,436
- FVOP	414,676	407,134
- FGVBSB	320,127	194,908
(b) Purchases of services		
Management fees:		
- FGVH	3,711,929	3,535,170
Purchase of other services:		
- Travel	681,024	307,080
- FGVSSC	302,765	323,504
- FGVC	-	304,326

The amounts that remained outstanding as at the end of the reporting period is in respect of transactions with related parties are shown in Note 21 to the financial statements.

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FGV PRODATA SYSTEMS SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

Key management personnel comprise Director, Senior General Manager and General Managers of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

	2024 RM	2023 RM
Salaries and other emoluments	1,092,350	667,156
Fees and allowances	179,752	123,545
	1,272,102	790,701

32 CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

	2024 RM	2023 RM
- Authorised and contracted	2,030,940	2,048,400

33 CONTINGENT LIABILITY

On 18 May 2021, FGV Prodata Systems Sdn. Bhd. ("Prodata" or "the 1st Defendant"), was served with a sealed Writ of Summons dated 12 May 2021 ("the Writ") by VDSL Technology Sdn. Bhd. ("VDSL" or "the Plaintiff").

The Plaintiff claimed for compensation and damages amounting RM170,707,600 due to the 1st Defendant and FELDA's ("2nd Defendant") alleged breaches on various arrangements agreed upon by the parties with regard to the Felda Broadband Initiative Project.

On 1 November 2021, VDSL has filed amended statement of claim and case management was held on the same day for the main suit, Prodata's application for security cost and VDSL's application for protective order. Pursuant to the hearing on 19 January 2022, the Judge directed the case be fixed for mediation for parties to explore and discuss a possible amicable settlement, while the court proceedings to continue to run its course. On 11 May 2022, the Mediator acknowledged that the mediation was unsuccessful. No further mediation is fixed.

On 9 November 2022, Prodata informed the Judge that Prodata is not agreeable to record a consent order on VDSL's protective order application. On 16 December 2022, the Judge recorded the consent order between VDSL and Felda in respect of both VDSL's protective order application and Felda's discovery application.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

33 CONTINGENT LIABILITY (CONTINUED)

The Judge dismissed the security for costs applications filed by Prodata and Felda respectively, with costs of RM5,000 (subject to allocator fee of RM200, therefore totaling RM5,200) payable by each of Prodata and Felda to VDSL.
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On 9 January 2023, Prodata filed an appeal to the Court of Appeal against the High Court's dismissal of Prodata's application for security for costs. On 18 January 2023, during the case management, parties were informed as follows:

(i) Both Felda & Prodata are appealing the High Court's decision on the Security for Costs applications;
(ii) Felda also filed an appeal on the High Court's decision on Felda's Striking Out application;
(iii) VDSL would like to file an application to amend its Amended Statement of Claim.

On 10 August 2023, the Court of Appeal granted the application for security for costs by Prodata and Felda and directed VDSL to pay a sum of RM100,000 as security for costs each to the respective solicitors for Prodata and Felda respectively within 21 days from 10 August 2023. The Court of Appeal also has ordered VDSL to pay a sum of RM10,000 as costs (subject to allocatur fee) each to Prodata and Felda respectively. On 29 August 2023, the solicitors received the payment of RM100,000 from VDSL as security for costs which the solicitors are holding as stakeholder pursuant to the Court of Appeal Order dated 10 August 2023.

On 14 March 2023, the High Court was informed that FGV Prodata and FELDA would like to oppose VDSL's application to amend the statement of claim. On 12 September 2023 the High Court granted VDSL's amendment application on the statement of claim. Prodata has filed Re-Amended Defence on 2 November 2023.

The Court Registrar has fixed 2 July 2024 for parties to file in the Common Bundle of Documents and the list of witnesses. The Court also has fixed 16 to 19 June 2025 (4 days) for a full trial. On 25 November 2025, the Court directed Prodata to submit its expert report and rebuttal report by 24 March 2025. On 10 April 2025, during the case management, the Judge has:

a) directed FELDA to finalise its comments on the draft Agreed Facts and Issues To Be Tried, and if FELDA cannot agree to the draft Issues To Be Tried, FELDA is to file its own Issues To Be Tried by 29 April 2025;
b) directed VDSL and Prodata to file additional documents by 29 April 2025;
c) directed VDSL to file its expert's rebuttal (to Prodata's expert report) by 16 May 2025;
d) directed parties to file a common core bundle of documents together with witness statements by 16 May 2025;
e) maintained the original trial dates of 16, 17 and 18 June 2025 (3 days), but vacated the trial date of 19 June 2025; and
f) fixed 30 April 2025 for next case management.

Based on legal opinion, there is a fair chance of Prodata succeeding in defending the claim from VDSL. Accordingly, no provision has been recognised as the cash outflow is not probable.

34 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2025.

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FGV RUBBER INDUSTRIES SDN. BHD.
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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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Registration No.
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FGV RUBBER INDUSTRIES SDN. BHD.
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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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Registration No.

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FGV RUBBER INDUSTRIES SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

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:

Dato' Mohd Hairul Bin Abdul Hamid	
Dato' Zainal Abidin Bin Ahmad	(Appointed on 26.12.2024)
Mohd Faisal Bin Mustaffa	(Appointed on 26.12.2024)
Borhan Bin Bachi	(Appointed on 29.11.2024)
Dato' Ramli Bin Ismail	(Resigned on 26.12.2024)
Zaid Bin Sidek	(Resigned on 26.12.2024)
Salman Bin Ghazali	(Resigned on 2.12.2024)
Anuar Bin Abdul Talib	(Resigned on 29.11.2024)

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 subsidiaries' Directors' Report and the Board deems such information as included herein by such reference and shall form part hereof.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of processing of raw latex to concentrated latex and Standard Malaysia Rubber ("SMR"), manufacturing, trading and distribution of rubber related products.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Loss for the financial year	(44,632)

DIVIDENDS

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

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2024.

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FGV RUBBER INDUSTRIES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

DIRECTORS' BENEFITS

During and at the end of the financial period, 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 is a member, or with a company in which he 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, particulars of interests of Directors in office at the end of the financial year in shares of the Company or its holding company or subsidiaries of the holding company during the financial year are as follows:

Shareholdings in FGV Holdings Berhad ("FGVH"), intermediate holding company

	Number of ordinary shares			
	At 1.1.2024	Additions	(Disposed)	At 31.12.2024
Borhan Bin Bachi	-	35,000	-	35,000

Other than as disclosed above, the Directors in the office at the end of the financial year do not have any interest in shares of the Company, or its holding company or subsidiaries of the holding company during the financial year.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	2024
	RM'000
Directors' remuneration:	4

AUDITORS' REMUNERATION

Details of Auditors' remuneration are as follows:

	2024
	RM'000
Auditors' remuneration:	130

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FGV RUBBER INDUSTRIES SDN. BHD.
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 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 Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of 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 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 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 Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 Company for the financial year in which this report is made.

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FGV RUBBER INDUSTRIES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Felda Holdings Bhd., FGV Holdings Berhad ("FGVH") and Federal Land Development Authority ("FELDA") as the immediate, intermediate and ultimate holding companies, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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 25 April 2025. Signed on behalf of the Board of Directors:

BORHAN BIN BACHI
DIRECTOR

DATO' MOHD HAIRUL BIN ABDUL HAMID
DIRECTOR

Kuala Lumpur

Registration No.

199501028690 (357896-U)

FGV RUBBER INDUSTRIES SDN. BHD.
(Incorporated in Malaysia)

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

We, Borhan Bin Bachi and Dato' Mohd Hairul Bin Abdul Hamid, two of the Directors of FGV Rubber Industries Sdn. Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 10 to 75 are drawn up so as to give a true and fair view of the statements of financial position of the Company as at 31 December 2024 and of financial performance and cash flows 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 25 April 2025.

BORHAN BIN BACHI
DIRECTOR

DATO' MOHD HAIRUL BIN ABDUL HAMID
DIRECTOR

Kuala Lumpur

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

I, Muhamad Faiz Bin Elias, being the officer primarily responsible for the financial management of FGV Rubber Industries Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 75 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.

MUHAMAD FAIZ BIN ELIAS
MIA membership no. 45523

Subscribed and solemnly declared by the abovenamed Muhamad Faiz Bin Elias in Kuala Lumpur on 25 April 2025, before me.

PESURUHJAYA SUMPAH
W 729
MARDHIYYAH
ABDUL WAHAB
1 JAN 2024-31 DIS 2026
MALAYSIA

COMMISSIONER FOR OATHS

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV RUBBER INDUSTRIES SDN. BHD.

(Incorporated in Malaysia)
Registration No. 199501028690 (357896-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of FGV Rubber Industries Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 10 to 75.

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

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 Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 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

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV RUBBER INDUSTRIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028690 (357896-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 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.

<u>Responsibilities of the Directors for the financial statements</u>

The Directors of the Company are responsible for the preparation of the financial statements 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

<u>Auditors' responsibilities for the audit of the financial statements</u>

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV RUBBER INDUSTRIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
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REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the 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 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 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 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 Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FGV RUBBER INDUSTRIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199501028690 (357896-U)

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	MAHESH A/L RAMESH
LLP0014401-LCA & AF 1146	03428/04/2027 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
25 April 2025

Registration No.
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FGV RUBBER INDUSTRIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Revenue	6	484,784	344,251
Cost of sales		(496,209)	(352,800)
Gross loss		(11,425)	(8,549)
Other operating income	7	632	1,396
Selling and distribution expenses		(6,998)	(5,036)
General and administrative expenses		(17,496)	(18,637)
Other operating expenses	7	(2,620)	(3,144)
Other losses (net)	8	(308)	(752)
Reversal of impairment/(impairment of) financial assets (net)	9	2,555	(3,687)
Operating loss		(35,660)	(38,409)
Finance income	10	473	285
Finance costs	10	(9,445)	(8,650)
Loss before taxation	11	(44,632)	(46,774)
Taxation	12	-	-
Loss for the financial year		(44,632)	(46,774)
Other comprehensive income/(loss) net of tax:			
Item that will not be reclassified to profit or loss			
- Actuarial gain/(loss) defined benefit plans	21	21	(6)
Total comprehensive loss for the financial year		(44,611)	(46,780)

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FGV RUBBER INDUSTRIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	11,775	19,799
Right-of-use assets	14	1,675	2,379
Investment in subsidiaries	15	3,480	3,480
		16,930	25,658
Current assets			
Inventories	16	54,692	74,827
Receivables	17	30,103	20,278
Amount due from ultimate holding company	24	107	107
Tax recoverable		14	28
Deposits, cash and bank balances	19	12,773	18,319
Total current assets		97,689	113,559
Total assets		114,619	139,217

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FGV RUBBER INDUSTRIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	95,855	95,855
Accumulated losses		(290,244)	(245,633)
Total equity		(194,389)	(149,778)
Non-current liabilities			
Provision for defined benefit plan	21	1,319	1,334
Lease liabilities	26	368	-
		1,687	1,334
Current liabilities			
Payables	22	19,733	19,279
Contract liabilities	23	1,609	3,946
Amount due to ultimate holding company	24	42,094	38,580
Amount due to intermediate holding company	24	977	1,277
Amount due to a subsidiary	24	2,170	695
Amounts due to other related companies	24	7,597	8,280
Loans due to other related companies	25	107,100	124,100
Borrowings	25	125,481	91,331
Derivative financial liabilities	18	342	34
Lease liabilities	26	218	139
		307,321	287,661
Total liabilities		309,008	288,995
Total equity and liabilities		114,619	139,217

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
2024			
At 1 January 2024	95,855	(245,633)	(149,778)
Loss for the financial year	-	(44,632)	(44,632)
Other comprehensive income, net of tax:			
Item that will not be reclassified to profit or loss			
- Actuarial gain on defined benefit plan	-	21	21
Total comprehensive loss for the financial year	-	(44,611)	(44,611)
At 31 December 2024	95,855	(290,244)	(194,389)
2023			
At 1 January 2023	95,855	(198,853)	(102,998)
Loss for the financial year	-	(46,774)	(46,774)
Other comprehensive loss, net of tax:			
Item that will not be reclassified to profit or loss			
- Actuarial loss on defined benefit plan	-	(6)	(6)
Total comprehensive loss for the financial year	-	(46,780)	(46,780)
At 31 December 2023	95,855	(245,633)	(149,778)

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year	(44,632)	(46,774)
Adjustments for:		
Depreciation of property, plant and equipment	2,384	2,838
Impairment loss on property, plant and equipment	8,463	6,625
Reversal of impairment losses on property, plant and equipment	(2,394)	-
Property, plant and equipment written off	-	4
Depreciation of right-of-use assets	142	237
Impairment loss on right-of-use assets	1,187	-
Provision for defined benefit plan	131	540
(Reversal of impairment)/impairment of on financial assets (net)	(2,555)	3,687
Loss on prepayment on purchase of rubber	-	2,702
Finance costs	9,445	8,650
Finance income	(473)	(285)
Write down of inventories	948	950
Reversal of provision for onerous contracts	(1143)	(1,746)
Other losses (net)	308	752
Unrealised loss on foreign exchange translation	171	442
	(28,018)	(21,378)
Working capital changes:		
Inventories	19,187	22,083
Receivables	(7,441)	40,805
Payables	1,597	(26,272)
Contract liabilities	(2,337)	1,919
Intercompany	4,006	11,322
Cash flows (used in)/generated from operations	(13,006)	28,479
Retirement benefits paid	(125)	(185)
Taxation paid	-	(7)
Zakat paid	-	(10)
Tax refunded	14	-
Net cash (used in)/generated from operating activities	(13,117)	28,277

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(429)	(4,112)
Finance income received		473	285
Net cash generated from/(used in) investing activities		44	(3,827)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		627,975	333,542
Repayment of borrowings		(610,825)	(334,888)
Payments of lease liabilities		(191)	(230)
Finance costs paid		(9,432)	(8,637)
Net cash generated from/(used in) financing activities		7,527	(10,213)
NET (DECREASE) /INCREASE IN CASH AND CASH EQUIVALENTS		(5,546)	14,237
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		18,319	4,082
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	19	12,773	18,319

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

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

				Non-cash changes		
	At 1 January 2024	Drawdown	Repayment	Interest accretion	Lease changes (net)	At 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024						
Borrowings	91,331	627,975	(593,825)	-	-	125,481
Loans due to other related companies	124,100	-	(17,000)	-	-	107,100
Interest payable	-	-	(9,432)	9,432	-	-
Lease liabilities	139	-	(191)	13	625	586
	215,570	627,975	(620,448)	9,445	625	233,167

				Non-cash changes		
	At 1 January 2023	Drawdown	Repayment	Interest accretion	Lease changes (net)	At 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023						
Borrowings	132,777	284,442	(325,888)	-	-	91,331
Loans due to other related companies	84,000	49,100	(9,000)	-	-	124,100
Interest payable	-	-	(8,637)	8,637	-	-
Lease liabilities	356	-	(230)	13	-	139
	217,133	333,542	(343,755)	8,650	-	215,570

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Company consist of processing of raw latex to concentrated latex and Standard Malaysia Rubber ("SMR"), manufacturing, trading and distribution of rubber related products.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Felda Holdings Bhd., FGV Holdings Berhad ("FGVH"), and Federal Land Development Authority ("FELDA") as the immediate, intermediate and ultimate holding companies, respectively. All companies are incorporated in Malaysia and FGVH is a company listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Registered office	Principal place of business
Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur	Level 3, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements 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 Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies in Note 3 to the financial statements.

The Company is exempted from the preparation of consolidated financial statements as the Company is an indirect subsidiary of FGVH, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad which produces consolidated financial statements available for public use that comply with MFRS.

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

As at 31 December 2024 the Company was in a net loss position of RM44,632,000 (2023: RM46,774,000), net current liabilities position of RM209,632,000 (2023: RM174,102,000) and deficit in shareholder's equity of RM194,389,000 (2023: RM149,778,000). The preparation of the Company's financial statements on the going concern basis is dependent of financial support from the intermediate holding company. The intermediate holding company has confirmed its intention to provide continuing financial support as and when necessary to enable the Company to meet its liabilities as they fall due. Therefore, the Directors consider that it is appropriate to prepare the financial statements of the Company on the going concern basis based on the financial support provided by the intermediate holding company as disclosed in Note 31 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

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

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

(i) Accounting pronouncements that are effective and have been adopted by the Company:

The Company have applied the following accounting pronouncements for the first time for the financial year on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' ('2020 amendments') and 'Non-current Liabilities with Covenants' ('2022 amendments')
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

(ii) Accounting pronouncements that are effective after 1 January 2025 and have not been early adopted by the Company:

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2025. The Company has not early adopted these new standards and amendments. None of these is expected to have a significant effect on the financial statements of the Company, except for the following set out below:

<u>Effective annual periods beginning on or after 1 January 2027</u>

- MFRS 18 'Presentation and Disclosure in Financial Statements' which aims to enhance the financial reporting quality and replaces MFRS 101 'Presentation of Financial Statements'. The new standard introduces a new structure of profit or loss statement whereby income and expenses are classified into 3 new main categories:
  i. Operating category which typically includes results from the main business activities
  ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  iii. Financing category that presents income and expenses from financing liabilities (such as bank borrowings and lease liabilities)

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2 BASIS OF PREPARATION (CONTINUED)

(ii) Accounting pronouncements that are effective after 1 January 2025 and have not been early adopted by the Company: (continued)

Effective annual periods beginning on or after 1 January 2027 (continued)

- The standard also requires the entity to present specific totals and subtotals in the statement of profit or loss, specifies the disclosure of management-defined performance measures as well as the aggregation and disaggregation of information in the financial statements and accompanying notes.

  MFRS 18 will be applied retrospectively. The Company is currently assessing the financial impact that may arise from the adoption of the above amendments to published standards.

The following accounting pronouncements are currently being assessed by and the Company and are not expected to have any significant impact on the financial statements of the Company.

Effective annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on 'Lack of Exchangeability'

Effective annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 & 7 on Amendments to Classification and Measurement of Financial Instruments

Effective annual periods beginning on or after 1 January 2027

- MFRS 19 'Subsidiary without Public Accountability: Disclosures'

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES

The material 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) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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.

In the Company's financial statements, investments in subsidiaries are stated at cost less impairment losses, if any.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See material accounting policies Note 3(f) on impairment of non-financial assets.

On disposal of the subsidiaries, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(b) Financial assets

<u>Classification</u>

The Company classifies its financial assets in the following categories:

(i) those to be measured subsequently at fair value (through profit or loss); and

(ii) and 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Classification (continued)

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

Measurement

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

(a) Debt instruments

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

(i) 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Measurement (continued)

(a) Debt instruments (continued)

(ii) FVTPL

Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

(i) Impairment for debt instruments

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

The Company financial instruments that are subject to the ECL model are as follows:
- Receivables
- Amount due from intercompany

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 Company expect to receive, over the remaining life of the financial instrument.

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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(i) Impairment for debt instruments (continued)

(a) General 3-stage approach for other receivables and amounts due from intercompany

At each reporting date, the Company 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

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

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

(ii) Significant increase in credit risk

The Company 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 Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

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

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(ii) Significant increase in credit risk (continued)

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

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

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

The Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
The Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 180 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

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

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

(iv) Groupings of instruments for ECL measurement

(a) Collective assessment

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

(i) Export sales
(ii) Local sales
(iii) Tolling suppliers

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment (continued)

(iv) Groupings of instruments for ECL measurement (continued)

(b) Individual assessment

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

(v) Write-off

(a) Trade receivables

Trade receivables 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 Company.

Impairment losses on trade receivables 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 Company 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 Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(vi) Subsidiaries

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary 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.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial liabilities

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

Financial liabilities are recognised initially at fair value, plus, 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 interest method except for derivatives which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) 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.

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.

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 Company 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.

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 asset 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)
Tanks	8 to 24
Plant and machinery	2 to 15
Building and renovation	5 to 50
Office equipment, furniture and fittings	2 to 12
Improvements	5 to 15
Motor vehicles	5 to 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Depreciation on assets under construction commences when the assets are ready for their intended use.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

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.

Gain and losses in disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

At each statement of financial position date, the Company assesses whether there is any indication of impairment. If such 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 material accounting policies Note 3(f) on impairment of non-financial assets.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work-in-progress comprises of raw materials cost, direct labour, other direct costs and related production overhead (based on normal operating capacity). Cost of raw materials, chemicals and store and replaceable products includes purchase costs and cost of bringing the inventories to their present location and condition.

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

(f) Impairment of non-financial assets

Property, plant and equipment and other non-current 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 are reviewed for possible reversal of impairment at each reporting date.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Zakat

The Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Company has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company 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 Company'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.

(h) Current and deferred income tax

Tax expenses for the financial 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 tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and 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 Company 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 recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, 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 tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(j) Revenue recognition

(i) Revenue from contracts with customers

The Company's revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Company transfers 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 Company and their customers have approved the contract and intend to perform their respective obligations, 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 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 Company 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 Company estimates 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

The Company sells block rubber and latex. Revenue from sales of block rubber and latex is recognised net of discounts 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 Company has objective evidence that all criteria for acceptance have been satisfied.

Sales with a right of return

When the customer has a right to return the goods within a given period, the Company 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 Company 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 minimal historically, 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.

Receivables 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 liability is the Company's obligation to transfer goods or services to customers. A contract liability is recognised when the Company has received the sales consideration in advance or billings or payments exceed the services rendered or the Company has billed the customer.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Revenue recognition (continued)

(ii) Revenue from other sources

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

(a) 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).

(k) Deposits, cash and bank balances

Deposits, cash and bank balances includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(l) Leases

<u>The Company as a lessee</u>

Leases are recognised as a right-of-use ("ROU") assets and a corresponding liability at the date at which the leased asset is available for use by the 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 cost; and
- decommissioning or restoration costs.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

The Company as a lessee (continued)

(a) ROU assets (continued)

The ROU assets 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	60 to 99
Buildings, structures and renovations	9

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

At each statement of financial position date, the Company assesses 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 material accounting policies Note 3(f) on impairment of non-financial assets.

(b) Lease liabilities

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

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

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

The Company as a lessee (continued)

(b) Lease liabilities (continued)

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

The Company 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 comprehensive income.

(c) Lease term

In determining the lease term, the Company 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 Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company 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 Company 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.

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(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-equipment, office furniture 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

The Company as a lessee (continued)

The Company does 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.

(m) 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 Company 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 the 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.

The Company operates 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 the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Company 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(iii) Defined benefit plan (continued)

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

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

(iv) Termination benefits

The Company 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 Company has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(n) 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.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Share capital

Ordinary shares 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 transaction 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.

(p) Contingent liabilities

The Company 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 uncertain future events beyond the control of the Company 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.

(q) Provisions

Provisions are recognised when:

- the Company 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 Company 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.

4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

(a) Financial risk management policies

The Company is exposed to market risk (including foreign currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company 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 Company's risk exposures.

<u>Market risk</u>

(i) Foreign currency risk

The Company is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("US Dollar"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Company manages the currency exposure through foreign currency forward contracts and constructing natural hedges when it matches the sales proceeds and purchases or borrowings in a single currency.

The impact of a 5% strengthening/weakening of the US Dollar against the Malaysian Ringgit ("RM") at the statement of financial position date would have impacted the Company's loss after taxation by RM1,482,000 higher/lower (2023: RM596,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange losses/gains on translation of foreign currency denominated payables. The analysis assumes that all other variables are remaining constant.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(ii) Commodity price risk

The price of natural rubber is subject to fluctuations due to unpredictable factors such as weather, change of global demand, global production and crude oil prices. During the normal course of business, the value of the Company's open sales and purchases commitments and inventory of raw material changes continuously in line with the movement of the rubber prices. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Company is subject to price fluctuations in the commodity market. The Company mitigate such risk by taking immediate action in next business day and uses physical commodity futures to mitigate such risks.

As at 31 December 2024, a sensitivity analysis had not been performed as there is no outstanding commodity futures contract. (2023: no outstanding commodity futures contract).

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from placement of fixed deposits and borrowings which are fixed rate instruments.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. In addition, the trade receivable exposure is closely monitored by the finance and marketing department. The Company generally has no significant concentration of credit risk due to the large number of customers.

Receivables and amounts due from intercompany exposures are closely monitored and continuously followed up.

The Company's cash and bank balances were largely placed with major financial institutions. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength and stability.

(a) Impairment of financial assets

The Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, other receivables and amounts due from intercompany. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables using simplified approach

The Company applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables and amounts due from intercompany using general 3-stage approach

The Company uses three categories for other receivables and amounts due from intercompany 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 Company, and a failure to make contractual payments for a period of greater than 365 days past due.

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

Category	Company'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 are 180 days past due or 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

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables and amounts due from intercompany using general 3-stage approach (continued)

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

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

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

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

(b) 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.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations due to shortage of funds. The Company maintains a sufficient level of cash and cash equivalents to meet working capital requirements by closely monitoring its cash flow. Due to the nature of its business, the Company adopted prudent liquidity risk management in maintaining and obtaining sufficient credit facilities from financial institutions including continuing financial support from the intermediate holding company.

The table below summarise the maturity profile of the Company's non-derivative financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows:

	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
2024					
Payables	18,625	-	-	-	18,625
Amount due to ultimate holding company	42,094	-	-	-	42,094
Amount due to intermediate holding company	977	-	-	-	977
Amount due to a subsidiary	2,170	-	-	-	2,170
Amounts due to other related company	7,597	-	-	-	7,597
Loans due to other related companies	107,100	-	-	-	107,100
Borrowings	125,481	-	-	-	125,481
Lease liabilities	242	242	141	-	625
Total undiscounted financial liabilities	318,620	242	141	-	319,003

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

The table below summarise the maturity profile of the Company's financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cashflows: (continued)

	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
2023					
Payables	19,279	-	-	-	19,279
Amount due to ultimate holding company	38,580	-	-	-	38,580
Amount due to intermediate holding company	1,277	-	-	-	1,277
Amount due to a subsidiary	695	-	-	-	695
Amounts due to other related company	8,280	-	-	-	8,280
Loans due to other related companies	124,100	-	-	-	124,100
Borrowings	91,331	-	-	-	91,331
Lease liabilities	139	-	-	-	139
Total undiscounted financial liabilities	283,681	-	-	-	283,681

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Capital risk management policies

The primary objective of the Company's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 years ended 31 December 2024 and 31 December 2023.

The Company considers its debts and equity attributable to owners of the Company as capital and monitor capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company include within net debt, borrowings and loan due to other related companies less cash and bank balances. Equity includes share capital and accumulated losses.

The gearing ratio analysis for the Company is as disclosed below:

	2024 RM'000	2023 RM'000
Borrowings	125,481	91,331
Loan due to other related companies	107,100	124,100
Less: Deposits, cash and bank balances	(12,773)	(18,319)
Net debt	219,808	197,112
Total equity	(194,389)	(149,778)
Total capital	25,419	47,334
Gearing ratio	865%	416%

The increase in the gearing ratio of the Company during 2024 was primarily due to increase in borrowings and losses incurred during the financial year.

There are no externally imposed capital requirements for the Company during the financial year.

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4 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value, requires disclosure of fair value by level of 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 Company's liabilities amounting to RM342,000 (2023: RM34,000) are measured at fair value at Level 2.

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. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by any Company is the current bid price. These instruments are included in Level 1.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, foreign currency forward contracts) 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 rubber physical forward contracts. All outstanding foreign currency forward contracts will be marked to market against Bank Negara's closing rate with additional premium quoted by local bank. Rubber physical forwards contract, if any, will be mark to market based on the quoted derivatives exchange for rubber. i.e SICOM and TOCOM.

(iii) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company does not hold financial instruments that are included in Level 3.

(d) Offsetting financial assets and financial liabilities

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

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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) Impairment of non-financial assets

The Company 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. The recoverable amounts of these assets 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, including recent developments in respect of commodity prices.

As a result of the assessment, the Company has recognised an impairment of RM9,150,000 (2023: RM6,625,000) on certain property, plant and equipment and ROU assets. The key assumptions and the sensitivity analysis are as disclosed in Note 13 to the financial statements.

6 REVENUE

The Company derived the following type of revenue:

	2024 RM'000	2023 RM'000
Revenue from contracts with customers	484,784	344,251

Disaggregation of revenue from contracts with customers:

	2024 RM'000	2023 RM'000
Sales of block rubber	480,187	339,677
Sales of latex	4,001	4,269
Others	596	305
	484,784	344,251
Timing of revenue recognition:		
- at point in time	484,188	343,946
- over time	596	305
	484,784	344,251

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7 OTHER OPERATING INCOME/(EXPENSES)

	2024 RM'000	2023 RM'000
Miscellaneous income	632	1,396
Total other operating income	632	1,396
Unrealised loss on foreign exchange translation	(171)	(442)
Realised loss on foreign exchange translation	(2,449)	-
Loss on prepayment on purchase of rubber	-	(2,702)
Total other operating expenses	(2,620)	(3,144)

8 OTHER LOSSES (NET)

	2024 RM'000	2023 RM'000
Unrealised fair value losses (net):		
- Foreign currency forward contracts	(308)	(752)

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

	2024 RM'000	2023 RM'000
Reversal of impairment/(impairment of) trade receivables	2,555	(3,687)

10 FINANCE INCOME AND FINANCE COSTS

	2024 RM'000	2023 RM'000
Finance income from a related company	473	285
Total finance income	473	285
Interest on borrowings:		
- Internal	(5,235)	(4,922)
- External	(4,197)	(3,715)
Unwinding of lease liabilities	(13)	(13)
Total finance costs	(9,445)	(8,650)

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11 LOSS BEFORE TAXATION

The following amounts have been (credited)/charged in arriving at loss before taxation:

	2024 RM'000	2023 RM'000
Auditors' remuneration	130	128
Directors' remuneration	4	473
Property, plant and equipment:		
- depreciation	2,384	2,838
- write-offs	-	4
- impairment losses	8,463	6,625
- Reversal of impairment losses	(2,394)	-
Right-of-use assets:		
- depreciation	142	237
- impairment losses	1,187	-
Short-term lease payments	339	316
Rental of low value assets	188	211
Management fees	776	739
Write down of inventories	948	950
Reversal of provision for onerous contracts	(1,143)	(1,746)
Staff costs *	20,366	22,285
Cost of raw materials and consumables consumed	475,378	307,181

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

	2024 RM'000	2023 RM'000
Wages, salaries and bonuses	12,860	14,360
Defined contribution plan	2,153	2,405
Defined benefit plan (Note 21)	131	540
Other employee benefits	5,222	4,980
	20,366	22,285

Staff costs included in cost of sales for the Company amounted to RM10,380,000 (2023: RM11,530,000).

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12 TAXATION

There is no tax charge for the financial year as the Company has no taxable income for the financial year.

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

	2024 RM'000	2023 RM'000
Loss before taxation	(44,632)	(46,774)
Tax calculated at Malaysian corporate tax rate of 24% (2023: 24%)	(10,712)	(11,226)
Tax effects of:		
- income not subject to tax	(615)	(128)
- expenses not deductible for tax purposes	474	1,664
- temporary differences not recognised as deferred tax assets	10,853	9,690
Taxation	-	-

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13 PROPERTY, PLANT AND EQUIPMENT

	Tanks RM'000	Plant and machinery RM'000	Building and renovation RM'000	Office equipment, furniture and fittings RM'000	Improvements RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2024								
Cost								
At 1 January 2024	5,158	45,223	28,123	4,376	25,403	7,173	2,339	117,795
Additions	-	429	-	-	-	-	-	429
Reclassification	-	1,910	-	-	-	-	(1,910)	-
At 31 December 2024	5,158	47,562	28,123	4,376	25,403	7,173	429	118,224
Accumulated depreciation								
At 1 January 2024	4,042	31,331	21,585	2,531	24,918	6,673	-	91,080
Depreciation charge	131	1,259	394	554	46	-	-	2,384
At 31 December 2024	4,173	32,590	21,979	3,085	24,964	6,673	-	93,464

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Tanks RM'000	Plant and machinery RM'000	Building and renovation RM'000	Office equipment, furniture and fittings RM'000	Improvements RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2024 (Continued)								
Accumulated impairment								
At 1 January 2024	479	3,791	2,618	28	-	-	-	6,916
Impairment loss	512	5,319	1,853	510	27	242	-	8,463
Reversal impairment loss	(180)	(1,362)	(824)	(28)	-	-	-	(2,394)
At 31 December 2024	811	7,748	3,647	510	27	242	-	12,985
Net book value at 31 December 2024	174	7,224	2,497	781	412	258	429	11,775

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Tanks RM'000	Plant and machinery RM'000	Building and renovation RM'000	Office equipment, furniture and fittings RM'000	Improvements RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2023								
Cost								
At 1 January 2023	5,158	44,179	26,926	3,624	25,403	7,271	1,603	114,164
Additions	-	1,233	310	608	-	-	1,961	4,112
Write-offs	-	(361)	-	(22)	-	(98)	-	(481)
Reclassification	-	172	887	166	-	-	(1,225)	-
At 31 December 2023	5,158	45,223	28,123	4,376	25,403	7,173	2,339	117,795
Accumulated depreciation								
At 1 January 2023	3,875	30,042	21,127	2,040	24,873	6,762	-	88,719
Depreciation charge	167	1,650	458	511	45	7	-	2,838
Write-offs	-	(361)	-	(20)	-	(96)	-	(477)
At 31 December 2023	4,042	31,331	21,585	2,531	24,918	6,673	-	91,080

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Tanks RM'000	Plant and machinery RM'000	Building and renovation RM'000	Office equipment, furniture and fittings RM'000	Improvements RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2023 (Continued)								
Accumulated impairment								
At 1 January 2023	-	-	291	-	-	-	-	291
Impairment loss	479	3,791	2,327	28	-	-	-	6,625
At 31 December 2023	479	3,791	2,618	28	-	-	-	6,916
Net book value at 31 December 2023	637	10,101	3,920	1,817	485	500	2,339	19,799

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2024

During the financial year, the Company's factories were in a net loss position due to insufficient production volume to cover its fixed costs, and this has been identified as an indicator impairment for the assets. The Company has performed an impairment assessment over property, plant and equipment and right-of-use of assets in relation to the cash generating units ("CGU") for rubber processing operations.

Based on the impairment assessment, the carrying amounts of the two factories of RM8,463,000 for property, plant and equipment and RM1,187,000 for right-of-use assets were fully impaired as the recoverable amounts determined using value-in-use is in deficit.

		Kampung Awah	Pasir Besar
(i)	Projection period	9 years	9 years
(ii)	Revenue growth rate	3%	3%
(iii)	Sales volume (MT)	13,095	12,838
(iv)	Selling price (sen/kg)	645	653
(v)	Gross profit margin	5%	5%
(vi)	Discount rate	9%	9%

In addition, there were another 2 factories being assessed for impairment due to the net loss position. The recoverable amount of the two factories were determined using value in use calculation based on cash flow projections. The key assumption used for the value in use calculation were as follows:

		Teloi Timur	Palong 1
(i)	Projection period	9 years	9 years
(ii)	Revenue growth rate	3%	3%
(iii)	Sales volume (MT)	25,486	36,161
(iv)	Selling price (sen/kg)	742	762
(v)	Gross profit margin	5%	5%
(vi)	Discount rate	9%	9%

Based on the impairment assessment, the recoverable amounts of the two factories were RM11,023,000, which resulted sufficient headroom over the carrying amount of RM9,081,000 hence no impairment loss was recognised.

During the financial year, factory Palong 2 was in net profit position and based on the projected cash flows a reversal of impairment loss of RM2,394,000 for property, plant and equipment was recognised.

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023

During the financial year, the Company's factories were in a net loss position due to insufficient production volume to cover its fixed costs, and this has been identified as an indicator impairment for the assets. The Company has performed an impairment assessment over property, plant and equipment and right of use of assets in relation to the cash generating units ("CGU") for rubber processing operations.

Based on the impairment assessment, the recoverable amount two of the factories were RM2,814,000, which resulted in the impairment loss of RM6,625,000 for property, plant and equipment. The impairment loss was recognised in cost of sales.

The recoverable amount of the two factories were determined using value in use calculation based on cash flow projections. The key assumption used for the value in use calculation were as follows:

		Palong 1	Palong 2
(i)	Revenue growth rate	2% - 3%	2% - 3%
(ii)	Sales volume (MT)	25,486	340
(iii)	Selling price (sen/kg)	676	1,690
(iv)	Gross profit margin	4%	9%
(v)	Capital expenditure (RM'000)	347 – 375	347 – 375
(vi)	Discount rate	10%	10%

14 RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Building, structure and renovation RM'000	Total RM'000
2024			
Cost			
At 1 January 2024	3,911	553	4,464
Additions	-	625	625
At 31 December 2024	3,911	1,178	5,089
Accumulated depreciation/impairment			
At 1 January 2024	1,667	418	2,085
Depreciation charge	31	111	142
Impairment loss (net)	1,187	-	1,187
At 31 December 2024	2,885	529	3,414
Net book value at 31 December 2024	1,026	649	1,675

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14 RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Building, structure and renovation RM'000	Total RM'000
2023			
Cost			
At 1 January/31 December 2023	3,911	553	4,464
Accumulated depreciation			
At 1 January 2023	1,636	212	1,848
Charge for the financial year	31	206	237
At 31 December 2023	1,667	418	2,085
Net book value at 31 December 2023	2,244	135	2,379

15 INVESTMENT IN SUBSIDIARIES

	2024 RM'000	2023 RM'000
Unquoted investment, at cost		
At 1 January/31 December	27,866	27,866
Accumulated impairment losses		
At 1 January/31 December	(24,386)	(24,386)
At 31 December	3,480	3,480

(a) The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Company's investment 2024 %	Company's investment 2023 %
Feltex Co. Ltd*	Thailand	51	51
P.T. Felda Indo Rubber "PTFIR"*	Indonesia	70	70

* The principal activities of both subsidiaries are processing and marketing of rubber products. The subsidiaries are not audited by PricewaterhouseCoopers PLT, Malaysia or its affiliates.

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16 INVENTORIES

	2024 RM'000	2023 RM'000
Raw materials	27,080	20,272
Finished goods	19,147	43,578
Consumables	1,991	2,038
Goods in transit	6,474	8,939
	54,692	74,827

The cost of inventories recognised as expense and included in cost of sales amounted to RM475,378,000 (2023: RM307,181,000).

Inventories written down during the financial year amounted to RM948,000 (2023: RM950,000).

17 RECEIVABLES

	2024 RM'000	2023 RM'000
Trade receivables	32,118	26,845
Less: Loss allowance	(4,870)	(7,425)
	27,248	19,420
Other receivables	38	30
Prepayments	1,971	123
Deposits	846	705
	30,103	20,278

Receivables are denominated as follows:

	2024 RM'000	2023 RM'000
- Ringgit Malaysia	14,485	2,245
- US Dollar	14,630	17,102
- Euro	988	931
	30,103	20,278

Credit term of trade receivables is between 30 to 90 days (2023: 30 to 90 days).

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17 RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance

(i) Trade receivables using simplified approach.

The loss allowance for trade receivables as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
Opening loss allowance as at 1 January 2023	-	3,738	3,738
Reversal of loss allowance	-	(530)	(530)
Additional of loss allowance	-	4,217	4,217
Loss allowance as at 31 December 2023/ 1 January 2024	-	7,425	7,425
Reversal of loss allowance	-	(2,787)	(2,787)
Additional of loss allowance	-	232	232
Closing loss allowance as at 31 December 2024	-	4,870	4,870

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17 RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

(i) Trade receivables using simplified approach (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets:

31 December 2024	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross carrying amount	27,248	-	-	4,870	32,118
Individual impairment - credit impaired	-	-	-	(4,870)	(4,870)
Carrying amount (net of loss allowance)	27,248	-	-	-	27,248

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross carrying amount	17,069	2,118	272	7,386	26,845
Individual impairment - credit impaired	-	-	(39)	(7,386)	(7,425)
Carrying amount (net of loss allowance)	17,069	2,118	233	-	19,420

The ECL on collective basis computed was not material to the Company.

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

No ECL allowance was recognised for other receivables on and deposits as the impact is immaterial.

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18 DERIVATIVE FINANCIAL LIABILITIES

	2024			2023		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Foreign currency forward contracts	28,668	-	342	2,320	-	34

The Company classifies derivative financial instruments as financial instruments at fair value through profit or loss. None of the derivatives are designated as hedges as the Company did not apply hedge accounting during the financial year.

The notional amount of foreign currency forward contracts outstanding as at 31 December 2024 for the Company amounted to USD6,490,000 (2023: USD500,000).

19 DEPOSITS, CASH AND BANK BALANCES

	2024 RM'000	2023 RM'000
Fixed deposits in:		
- Licensed banks	11,000	14,500
Cash and bank balances	1,773	3,819
Cash and cash equivalents	12,773	18,319

Deposits, cash and bank balances are denominated as follows:

	2024 RM'000	2023 RM'000
- Ringgit Malaysia	12,049	18,042
- US Dollar	724	277
	12,773	18,319

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

	2024 % Per annum	2023 % Per annum
Licensed banks	3.00	3.00

Fixed deposits as at 31 December 2024 for the Company have average maturity periods of 3 days (2023: 4 days) and bank balances are deposits held at call with banks and earn no interest.

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20 SHARE CAPITAL

	2024 Number of shares '000	2023 Number of shares '000	2024 RM'000	2023 RM'000
Issued and fully paid up:				
Ordinary shares at no par value				
At 1 January/31 December	42,000	42,000	95,855	95,855

21 PROVISION FOR DEFINED BENEFIT PLAN

The Company operates defined benefit retirement plans for all eligible employees. All of the plans are lump sum payments depending on members' length of service and their salary in the final year leading up to retirement. As the retirement benefit plans are unfunded, the Company meets the defined benefit payment obligations as it falls due.

	2024 RM'000	2023 RM'000
Non-current	1,319	1,334

The movements during the financial year in the amounts recognised in the statement of financial position of the Company are as follows:

	2024 RM'000	2023 RM'000
At 1 January	1,334	973
Charged to profit or loss	131	540
Benefits paid	(125)	(185)
Recognised in other comprehensive (income)/loss	(21)	6
At 31 December	1,319	1,334

The amounts recognised in other comprehensive (income)/loss are determined as follows:

	2024 RM'000	2023 RM'000
Remeasurement:		
- Changes in financial assumptions	18	42
- Effect of experience adjustments	(41)	(32)
- Others	2	(4)
	(21)	6

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21 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in profit or loss are as follows:

	2024 RM'000	2023 RM'000
Current service cost	60	55
Past service cost	-	407
Interest cost	59	64
Remeasurement	12	15
Business combinations/divestitures/transfers	-	(1)
	131	540

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

	2024 %	2023 %
Discount rate	4.40	4.70
Expected rate of salary increase	5.00	5.00

The sensitivity of the defined benefit obligation to changes in the principal assumption are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption RM'000	Decrease in assumption RM'000
Discount rate	1%	(1,238)	1,411
Salary growth rate	1%	945	(854)

The above sensitivity analysis is 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 did not change compared to the previous financial year.

The weighted average duration of the defined benefit obligations of the Company is 10 years (2023: 10 years).

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21 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

Expected maturity analysis of undiscounted defined benefit obligations:

	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 2024	144	166	460	1,978	2,748
At 31 December 2023	131	153	473	2,147	2,904

22 PAYABLES

	2024 RM'000	2023 RM'000
Trade payables	7,233	6,650
Other payables and accruals	12,500	12,629
	19,733	19,279

Payables are denominated as follows:

	2024 RM'000	2023 RM'000
- Ringgit Malaysia	18,341	16,244
- US Dollars	1,392	1,291
- Euro	-	1,744
	19,733	19,279

Credit term of trade payables range between cash terms to 75 days (2023: cash terms to 75 days).

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

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22 PAYABLES (CONTINUED)

Included in other payables and accruals are provision for onerous contracts as follows:

	2024 RM'000	2023 RM'000
At 1 January	1,489	3,235
Reversal of provision for onerous contracts	(1,143)	(1,746)
At 31 December	346	1,489

23 CONTRACT LIABILITIES

	2024 RM'000	2023 RM'000
Contract liabilities		
At 1 January	3,946	2,027
Revenue recognised that was included in the contract liability balance at the beginning of financial year	(3,946)	(2,027)
Cash received	1,609	3,946
At 31 December	1,609	3,946

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 and how much relates to performance obligations that were satisfied in a prior year.

	2024 RM'000	2023 RM'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Sales of block rubber	3,946	2,027

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23 CONTRACT LIABILITIES (CONTINUED)

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) as at 31 December:

	2024 RM'000	2023 RM'000
Sales of block rubber	1,609	3,946

The Company expects to recognise RM1,609,000 as revenue in 2025 (2023: RM3,946,000 as revenue in 2024).

24 AMOUNTS DUE FROM/(TO) INTERMEDIATE, ULTIMATE HOLDING COMPANIES, OTHER RELATED COMPANIES AND A SUBSIDIARY

	2024 RM'000	2023 RM'000
Current assets		
Amounts due from:		
Ultimate holding company	107	107
Subsidiary	28,162	28,162
	28,269	28,269
Provision for impairment:		
Subsidiary	(28,162)	(28,162)
	107	107
Current liabilities		
Amounts due to:		
Ultimate holding company	(42,094)	(38,580)
Intermediate holding company	(977)	(1,277)
Subsidiary	(2,170)	(695)
Other related companies	(7,597)	(8,280)
	(52,838)	(48,832)

Amounts due from/(to) intermediate, ultimate holding companies, other related companies and a subsidiary are unsecured, have credit terms ranging from 15 to 45 days (2023: 15 to 45 days), and free of financial charges, overdue amounts due from ultimate holding companies carrying interest rate at 6% (2023: 6%) per annum.

The amounts due from/(to) immediate, intermediate and ultimate holding companies, other related companies and a subsidiary are denominated in Ringgit Malaysia.

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24 AMOUNTS DUE FROM/(TO) INTERMEDIATE, ULTIMATE HOLDING COMPANIES, OTHER RELATED COMPANIES AND A SUBSIDIARY (CONTINUED)

(a) Reconciliation of loss allowance

Amount due from a subsidiary using general 3 stage approach

The loss allowance for amounts due from subsidiaries as at 31 December 2024 reconciles to the opening loss allowance balance as follows:

	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
Company				
Loss allowance as at 31 December 2023/ 1 January 2024/ 31 December 2024	-	-	28,162	28,162

The following table contain an analysis of the credit exposure of amount due from a subsidiary for which an ECL allowance is recognised, based on general 3 stage approach:

	2024 RM'000	2023 RM'000
Gross carrying amount	28,162	28,162
Loss allowance	(28,162)	(28,162)
Carrying amount (net of loss allowance)	-	-

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25 BORROWINGS AND LOANS DUE TO OTHER RELATED COMPANIES

	2024 RM'000	2023 RM'000
Borrowings	125,481	91,331
Loans due to other related companies *	107,100	124,100
	232,581	215,431

* Loan from other related company which is denominated in Ringgit Malaysia is unsecured, bears interest 4.11% (2023: 4.55%) per annum and repayable on demand and borrowings from and external bank which is unsecured for the purpose of working capital and bears interest 4.51% per annum (2023: 4.57%).

Borrowings consist of bankers acceptances and short term revolving credit which are unsecured and denominated in Ringgit Malaysia.

The weighted average interest rates (per annum) that were effective at the end of the financial year were as follows:

	2024 % Per annum	2023 % Per annum
Borrowings	3.75	3.77
Loans due to other related companies	4.11 - 4.51	4.55 - 4.57

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

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26 LEASE LIABILITIES

	2024 RM'000	2023 RM'000
At 1 January	139	356
Remeasurement	625	-
Interest accretion	13	13
Repayments	(191)	(230)
At 31 December	586	139

	2024 RM'000	2023 RM'000
Current	218	139
Non-current	368	-
	586	139

The undiscounted maturity profile of lease liabilities are as follows:

	2024 RM'000	2023 RM'000
Less than 1 year	242	142
Between 1 to 5 years	383	-
Total lease liabilities	625	142

Effective finance rate of the lease is 5.0% (2023: 5.0%) per annum.

Lease liabilities are denominated in Ringgit Malaysia.

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

	2024 RM'000	2023 RM'000
Short-term assets lease	339	316
Rental of low value assets	188	211
Principal payments of lease liabilities	178	217
Interest payment of lease liabilities	13	13
	718	757

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27 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 amount of unutilised business losses, unabsorbed capital allowances, reinvestment allowances and other deductible temporary differences for which no deferred tax assets are recognised in the statement of financial position 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 are as follows:

	2024 RM'000	2023 RM'000
Unutilised business losses	245,850	196,671
Unabsorbed capital allowances	36,901	40,859
Reinvestment allowances	9,202	9,202
	291,953	246,732

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses will be imposed with a limit of utilisation for 7 consecutive years. In Budget 2022, the existing time limit to carry forward unutilised business losses to be extended to 10 consecutive YAs. The existing transitional provision for unutilised business losses from YA 2018 be allowed to be carried forward for 10 consecutive YAs, until YA 2028. The Company's unused tax losses as at 31 December 2024 for which no deferred tax assets were recognised based on the year of assessment ("YA") expiry for the Company are as follows:

	2024 RM'000	2023 RM'000
Expiring in YA 2028	109,176	109,176
Expiring in YA 2029	4,748	4,748
Expiring in YA 2030	9,359	9,359
Expiring in YA 2031	2,627	2,627
Expiring in YA 2032	42,622	42,622
Expiring in YA 2033	28,139	28,139
Expiring in YA 2034	49,179	-
	245,850	196,671

28 CAPITAL COMMITMENTS

Capital commitments as at the statement of financial position date but not provided for in the financial statements are as follows:

	2024 RM'000	2023 RM'000
Property, plant and equipment:		
- Authorised and contracted	-	741

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NOTES TO THE FINANCIAL STATEMENTS
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29 FINANCIAL INSTRUMENTS

	2024 Financial assets at amortised cost
	RM'000
Assets as per statement of financial position	
Receivables (excluding prepayments)	28,132
Amount due from ultimate holding company	107
Cash and bank balances	12,773
	41,012

	Financial liabilities at fair value through profit or loss	Amortised cost	Total
	RM'000	RM'000	RM'000
Liabilities as per statement of financial position			
Payable	-	18,625	18,625
Amount due to ultimate holding company	-	42,094	42,094
Amount due to intermediate holding company	-	977	977
Amounts due to other related companies	-	7,597	7,597
Amount due to a subsidiary	-	2,170	2,170
Loans due to other related companies	-	107,100	107,100
Borrowings	-	125,481	125,481
Derivative financial liabilities	342	-	342
Lease liabilities	-	586	586
	342	318,964	319,306

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29 FINANCIAL INSTRUMENTS (CONTINUED)

	2023 Financial assets at amortised cost RM'000
Assets as per statement of financial position	
Receivables (excluding prepayments)	20,155
Amounts due from ultimate holding company	107
Cash and bank balances	18,319
	38,581

	Financial liabilities at fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position			
Payable	-	19,279	19,279
Amount due to ultimate holding company	-	38,580	38,580
Amount due to intermediate holding company	-	1,277	1,277
Amounts due to other related companies	-	8,280	8,280
Amount due to a subsidiary	-	695	695
Loans due to other related companies	-	124,100	124,100
Borrowings	-	91,331	91,331
Derivative financial liabilities	34	-	34
Lease liabilities	-	139	139
	34	283,681	283,715

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30 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the ultimate holding company is a statutory body corporate set up under the Land Development Act, 1956, and controlled by the Malaysian Government. The Company 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 Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Company has 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 Company's business on terms consistently applied in accordance with the Company's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Related parties and their relationship with the Company are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding company
FGV Holdings Bhd. ("FGVH")	Intermediate holding company
Felda Holdings Bhd. ("FHB")	Immediate holding company
Feltex Co. Ltd. ("Feltex")	Subsidiary
FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	Subsidiary of FGVH
FGV Shared Services Centre Sdn. Bhd. ("FGVSSC")	Subsidiary of FGVH
FGV Capital Sdn. Bhd. ("FGVC")	Subsidiary of FGVH
FGV Trading Sdn. Bhd. ("FGVT")	Subsidiary of FGVH
FGV Agri Services Sdn. Bhd. ("FGVAS")	Subsidiary of FGVH
FGV Prodata Systems Sdn. Bhd. ("FPSSB")	Subsidiary of FGVH
FGV Security Services Sdn. Bhd. ("FGVSS")	Subsidiary of FGVH
FGV Transport Services Sdn. Bhd. ("FGV Transport")	Subsidiary of FGVH
Felda Travel Sdn. Bhd. ("Travel")	Subsidiary of FGVH
Felda D'Saji Sdn. Bhd. ("D'Saji")	Subsidiary of FELDA

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30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

	2024 RM'000	2023 RM'000
(a) Purchases of goods and services		
- FELDA	151,846	133,412
- FGVPM	14,255	22,423
- Feltex	10,767	8,040
- FGV Transport	3,485	2,738
- FGVC	5,235	4,922
- FGVSS	794	754
- FPSSB	529	578
- Travel	212	215
- FGVSSC	184	203
(b) Management fees charged		
- FGVH	776	739
(c) Finance income received		
- FGVC	473	285

(d) Key management personnel compensation

Key management personnel comprises of Directors and general managers and above of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

	2024 RM'000	2023 RM'000
Salaries and other short-term employee benefits	685	890

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31 FINANCIAL SUPPORT

The intermediate holding company, FGV Holdings Berhad, has confirmed its present intention to provide continuing financial support to the Company so as to enable the Company both to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations.

32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2025.

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Circular misleading.

All information in relation to the Vendor and the Target Companies contained in this Circular have been obtained from publicly available sources and/or provided by the management of the Target Companies. The responsibility of the Board with respect to such information is limited to ensuring that such information has been accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST

2.1 Maybank IB

Maybank IB, being the Principal Adviser for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

Maybank IB and its related and associated businesses ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group and/or any of the affiliates, in addition to the role set out in this Circular.

In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, the shareholders, and/or the affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or the affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or the affiliates.

This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Maybank Group has, in its ordinary course of business, extended credit facilities amounting to approximately RM3.34 billion to our Group, of which RM2.43 billion is outstanding. In addition, we will issue sukuk murabahah of up to RM200.0 million in nominal value under our existing sukuk murabahah programme. On 9 June 2025, Maybank Islamic Berhad has obtained approval to subscribe up to RM200.0 million from the issuance of the sukuk under our existing sukuk murabahah programme. The proceeds from the said issuance of the sukuk will be used to partly fund the Purchase Consideration and the expenses relating to the Proposed Acquisitions.

Notwithstanding, Maybank IB is of the view that the aforesaid lending relationship will not give rise to a conflict of interest situation in its capacity as the Principal Adviser to the Company for the Proposed Acquisitions as:

(i) the extension of credit facilities arose in the ordinary course of business of the Maybank Group;

(ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and the Maybank Group's own internal controls and checks; and

(iii) the total outstanding amount owed by our Group to the Maybank Group is not material when compared to the audited NA of the Maybank Group as at 31 December 2024 of RM93.97 billion.

Save for the above, Maybank IB confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to our Company for the Proposed Acquisitions

2.2 QuantePhi

QuantePhi, being the Independent Adviser for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

QuantePhi confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Independent Adviser for the Proposed Acquisitions.

3. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by us which may have a material impact on the profits or NA of our Group.

4. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by us save and except as disclosed in **Section 10 of Appendix VIII** of this Circular, which upon becoming enforceable, may have a material impact on the profits or NA of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection during normal business hours at the registered office of our Company at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur, from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of the EGM:

(i) constitution of our Company;

(ii) constitutions of the Target Companies;

(iii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2023 and 31 December 2024, and our unaudited consolidated financial statements for the 3-month FPE 31 March 2025;

(iv) audited financial statements of the Target Companies for the past two (2) FYEs 31 December 2023 and 31 December 2024;

(v) SSAs;

(vi) the letters of consent referred to in **Section 2** of this **Appendix XVIII**; and

(vii) the relevant cause papers in respect of the material litigation as referred to in **Section 10 of Appendix VIII** of this Circular.

FGV HOLDINGS BERHAD
Reg. No. 200701042133 (800165-P)
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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of FGV Holdings Berhad ("**FGV**" or the "**Company**") will be held at **Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia (Meeting Venue) and will be broadcasted live from the Meeting Venue via Remote Participation and Electronic Voting (RPEV) facilities at** https://investor.boardroomlimited.com **(Online Platform)** on **Thursday, 26 June 2025** at **3.00 p.m.** for the purpose of considering and, if thought fit, passing the following resolution, with or without any modifications,:

ORDINARY RESOLUTION

I. PROPOSED ACQUISITIONS BY FGV PALM INDUSTRIES SDN BHD ("FGVPI"), AN INDIRECT 72%-OWNED SUBSIDIARY OF FGV, OF THE REMAINING EQUITY INTEREST IN THREE (3) NON-WHOLLY OWNED SUBSIDIARIES OF FGVPI FROM KOPERASI PERMODALAN FELDA MALAYSIA BERHAD ("KPF") FOR A CASH CONSIDERATION OF RM54,696,719 ("PROPOSED ACQUISITIONS 1"); AND

II. PROPOSED ACQUISITIONS BY FELDA HOLDINGS BHD ("FHB"), A WHOLLY-OWNED SUBSIDIARY OF FGV, OF THE REMAINING EQUITY INTEREST IN FIVE (5) NON-WHOLLY OWNED SUBSIDIARIES OF FHB FROM KPF FOR A CASH CONSIDERATION OF RM175,054,633 ("PROPOSED ACQUISITIONS 2").

(COLLECTIVELY, PROPOSED ACQUISITIONS 1 AND PROPOSED ACQUISITIONS 2 ARE REFERRED TO AS "PROPOSED ACQUISITIONS")

"THAT, subject to the conditions precedent as set out in the conditional share sale agreement dated 23 May 2025 between FGVPI and KPF in respect of the Proposed Acquisitions 1 being met or waived, approval be and is hereby given to FGVPI to acquire the ordinary shares of the following companies for a total cash consideration of Ringgit Malaysia Fifty-Four Million Six Hundred Ninety-Six Thousand Seven Hundred Nineteen Only (RM54,696,719):

(a) 4,000,000 ordinary shares in FGV Kernel Products Sdn Bhd ("**FGVKP**"), representing 16.67% of the issued share capital of FGVKP for a cash consideration of RM12,937,998;

(b) 38,333,333 enlarged ordinary shares in FGV Refineries Sdn Bhd ("**FGVR**") (post-capital injection amounting to RM40,000,000 by the existing shareholders of FGVR), representing 33.33% of the issued share capital of FGVR for a cash consideration of RM17,894,835; and

(c) 8,330,000 ordinary shares in FGV Marketing Services Sdn Bhd ("**FGVMS**"), representing 49.00% of the issued share capital of FGVMS for a cash consideration of RM23,863,886;

AND THAT, subject to the conditions precedent as set out in the conditional share sale agreement dated 23 May 2025 between FHB and KPF in respect of the Proposed Acquisitions 2 being met or waived, approval be and is hereby given to FHB to acquire the ordinary shares of the following companies for a total cash consideration of Ringgit Malaysia One Hundred Seventy-Five Million Fifty-Four Thousand Six Hundred Thirty-Three Only (RM175,054,633):

(a) 15,000,000 ordinary shares in FGV Agri Services Sdn Bhd ("**FGVAS**"), representing 23.08% of the issued share capital of FGVAS for a cash consideration of RM62,439,688;

(b) 14,700,000 ordinary shares in FGV Transport Services Sdn Bhd ("**FGVTS**"), representing 49.00% of the issued share capital of FGVTS for a cash consideration of RM77,904,156;

(c) 1,411,200 ordinary shares in FGV Security Services Sdn Bhd ("**FGVSS**"), representing 49.00% of the issued share capital of FGVSS for a cash consideration of RM17,234,444;

(d) 2,500,000 ordinary shares in FGV Prodata Systems Sdn Bhd ("**FGVPS**"), representing 20.00% of the issued share capital of FGVPS for a cash consideration of RM17,476,344; and

(e) 59,539,917 enlarged ordinary shares in FGV Rubber Industries Sdn Bhd ("**FGVRI**") (post-capital injection amounting to RM166,389,708 by the existing shareholders of FGVRI), representing 28.57% of the issued share capital of FGVRI for a nominal cash consideration of RM1;

AND THAT, the Proposed Acquisitions 1 and the Proposed Acquisitions 2 are inter-conditional upon each other**;**

AND THAT, the Board of Directors of FGV ("**Board**") be and is hereby authorised to do or to procure to be done all acts, deed and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and to complete the Proposed Acquisitions, with full power to assent to any condition, modification, variation and/or amendment thereto as may be required by the relevant regulatory authorities or as the Board may deem fit, necessary or expedient in the best interest of the Company in connection with the Proposed Acquisitions;

AND THAT, any and all previous actions taken by the Board for the purpose of or in connection with the Proposed Acquisitions be and are hereby adopted, approved, ratified and confirmed."

BY ORDER OF THE BOARD

AZNI ARIFFIN
Company Secretary
(SSM PC No.: 202008003324)
(LS 0010610)
Kuala Lumpur
11 June 2025

NOTES:

1. Mode of Meeting

(i) The Extraordinary General Meeting (EGM) of FGV Holdings Berhad (FGV or the Company) will be conducted in a hybrid mode in accordance with paragraph 8.27A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) and in line with the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022.

The date, time and venue of the EGM are as follows:

EXTRAORDINARY GENERAL MEETING			
Date: **Thursday, 26 June 2025**	**Time:** **3.00 p.m.**	**(a) Meeting Venue: Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No.11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia.** **(b) Online Platform:** https://investor.boardroomlimited.com	**Poll Administrator: Boardroom Share Registrars Sdn. Bhd. (Boardroom)**

(ii) You have the option to attend the EGM either physically at the Meeting Venue (Physical Attendance) or virtually via the Remote Participation and Electronic Voting (RPEV) facilities to be provided by Boardroom, the appointed share registrar for this EGM (Virtual Attendance).

2. Proxy

(i) Shareholders who are unable to participate in the EGM may appoint not more than two (2) Proxies to vote on their behalf. Where a Shareholder appoints two (2) Proxies, each Proxy appointed shall represent a minimum of one hundred (100) shares and the appointment of such Proxies shall be invalid unless the Shareholder specifies the proportion of his/her shareholding to be represented by each of such Proxy.

(ii) The Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

(iii) Shareholder who has appointed a Proxy or attorney or authorised representative to participate at EGM via RPEV must request his/her Proxy or attorney or authorised representative to register himself/herself as a user via Boardroom Smart Investor Portal (BSIP) at https://investor.boardroomlimited.com.

(iv) The appointment of Proxy may be made in a Hardcopy Form or by electronic means as follows:

<u>In Hardcopy Form</u>

The Proxy Form must be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, no later than Tuesday, 24 June 2025 at 3.00 p.m., and in default the Proxy Form shall not be treated as valid.

<u>By Electronic Means</u>

The Proxy Form may be submitted:

(a) to the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. via e-mail to bsr.helpdesk@boardroomlimited.com, no later than Tuesday, 24 June 2025 at 3.00 p.m.; or

(b) via electronic means (e-Proxy) no later than Tuesday, 24 June 2025 at 3.00 p.m..

If a Shareholder has submitted the Proxy Form and subsequently decides to appoint another person or wishes to participate in the EGM by himself, please email to bsr.helpdesk@boardroomlimited.com or via electronic means (as the case maybe) to revoke the earlier appointed Proxy (ies) and appoint another person (if any) no later than Tuesday, 24 June 2025 at 3.00 p.m., being 48 hours before the EGM. On revocation, the Proxy(ies) will not be allowed to participate in the EGM. In such an event, the Shareholder should advise his Proxy accordingly.

3. **Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees**

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote at the EGM of the Company, please refer to the procedures in the Administrative Guide for the EGM.

4. **Shareholders entitled to participate and vote**

For purposes of determining a Shareholder who shall be entitled to participate and vote at the EGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 63 of the Company's Constitution and Section 34(1) of Securities Industry (Central Depositories) Act 1991 (SICDA), to issue a General Meeting Record of Depositors as at 19 June 2025. **Only a depositor whose name appears on the General Meeting Record of Depositors as at 19 June 2025 shall be entitled to participate and vote at the EGM or appoint a Proxy(ies) to participate and vote on such depositor's behalf.**

5. **Registration for EGM participation**

Please refer to the procedures in the Administrative Guide for the EGM for Physical Attendance and Virtual Attendance.

6. **Voting**

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the resolution set out in the Notice of the EGM of the Company will be put to vote by poll. Poll Administrator will be appointed to conduct the poll via e-voting process and Independent Scrutineers will be appointed to verify the poll results.

Shareholders can proceed to vote on the resolution and submit their votes at any time from the commencement of the EGM at 3.00 p.m. until the time when the Chairman of the EGM (the Chairman) announces the completion of the voting session. Upon completion of the voting session for the EGM, the Independent Scrutineers will verify the poll results followed by the Chairman's announcement of the poll results and declaration whether the resolution is duly passed.

7. **Submission of questions before and during the EGM**

Shareholders may submit questions in relation to the agenda items for the EGM prior to the meeting electronically and may also ask questions real time in the form of typed text (Virtual Attendance) or raise questions at the Meeting Venue (Physical Attendance) during the meeting. Please refer to the procedures in the Administrative Guide for the EGM.

EXPLANATORY NOTES ON THE ORDINARY RESOLUTION:
Proposed Acquisitions.

(i) The Proposed Acquisitions are deemed to be a Related Party Transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, the Company had on 7 February 2025 appointed QuantePhi Sdn. Bhd. to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders on the fairness and the reasonableness of the Proposed Acquisitions and whether the Proposed Acquisitions are detrimental to the Company's non-interested shareholders.
(ii) The details of the Proposed Acquisitions and Related Party Transaction are as specified in the Circular to the Shareholders dated 11 June 2025.

FGV Holdings Berhad
Registration No. 200701042133 (800165-P)

CDS ACCOUNT NO.	NO. OF SHARES HELD

FORM OF PROXY

I/We ....
(Full name of Member in BLOCK LETTERS as per Identity Card (MYKAD)/Passport/Certificate of Incorporation)

MYKAD No. (for Malaysian)/Passport No. (for non-Malaysian)/Company No.: ....

of ....
(Address in full)

Telephone No.: .... E-mail Address: ....

being a Member of FGV Holdings Berhad (FGV or the Company) hereby appoints ....
(Full name of Proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD No. (for Malaysian)/Passport No. (for non-Malaysian): ....

of..
(Address in full)

Telephone No.: .... E-mail Address: ....

and/or failing him/her ....
(Full name of Proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD No. (for Malaysian)/Passport No. (for non-Malaysian):..

of..
(Address in full)

Telephone No.: .... E-mail Address: ....

or failing the abovenamed Proxies, the Chairman of the meeting, as my/our Proxy/Proxies to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting (EGM) of the Company to be held on Thursday, 26 June 2025 at 3.00 p.m. at Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia (Meeting Venue) and will be broadcasted live from the Meeting Venue via Remote Participation and Electronic Voting (RPEV) facilities at https://investor.boardroomlimited.com (Online Platform) for the purpose of considering and, if thought fit, passing the following resolution, with or without any modifications:

No.		Resolution	For	Against	Abstain
	ORDINARY RESOLUTION				
1	Proposed Acquisitions.	1			

(Please indicate with an "X" in the space whether you wish your votes to be cast for or against the resolution, or you wish to abstain from voting on the resolution. In the absence of such specific instructions, your Proxy will vote or abstain as he/she thinks fit).

Dated this .... day of .... 2025.

....
Signature(s)/Common Seal of Member(s)

The proportions of my/our holding to be represented by my/our Proxies are as follows:		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

NOTES:

1. **Proxy**
   (i) Shareholders who are unable to participate at the Extraordinary General Meeting (EGM) may appoint not more than two (2) Proxies to vote on their behalf. Where a Shareholder appoints two (2) Proxies, each Proxy appointed shall represent a minimum of one hundred (100) shares and the appointment of such Proxies shall be invalid unless the Shareholder specifies the proportion of his/ her shareholding to be represented by each of such Proxy.
   (ii) The Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
   (iii) Shareholder who has appointed a Proxy or attorney or authorised representative to participate at EGM via RPEV must request his/ her Proxy or attorney or authorised representative to register himself/herself as a user via Boardroom Smart Investor Portal ("BSIP") at https://investor.boardroomlimited.com.
   (iv) The appointment of Proxy may be made in a Hardcopy Form or by electronic means as follows:
   In Hardcopy Form
   The Proxy Form must be deposited at the office of the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, no later than Tuesday, 24 June 2025 at 3.00 p.m., and in default the Proxy Form shall not be treated as valid.
   By Electronic Means
   The Proxy Form may be submitted:
   a) to the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. via e-mail to bsr.helpdesk@boardroomlimited.com, no later than Tuesday, 24 June 2025 at 3.00 p.m. or
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   If a Shareholder has submitted the Proxy Form and subsequently decides to appoint another person or wishes to participate in the EGM by himself, please email to bsr.helpdesk@boardroomlimited.com or via electronic means (as the case maybe) to revoke the earlier appointed Proxy(ies) and appoint another person (if any) no later than Tuesday, 24 June 2025 at 3.00 p.m., being 48 hours before the EGM. On revocation, the Proxy(ies) will not be allowed to participate in the EGM. In such an event, the Shareholder should advise his Proxy accordingly.

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4. **Voting**
   Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolution set out in the Notice of the EGM of the Company will be put to vote by poll. Poll Administrator will be appointed to conduct the poll via e-voting process and Independent Scrutineers will be appointed to verify the poll results.

   Shareholders can proceed to vote on the resolution and submit their votes at any time from the commencement of the EGM at 3.00 p.m. until a time when the Chairman of the EGM (Chairman) announces the completion of the voting session. Upon completion of the voting session for the EGM, the Independent Scrutineers will verify the poll results followed by the Chairman's announcement of the poll results and declaration whether the resolution is duly passed.

5. **Submission of questions before and during the EGM**
   Shareholders may submit questions in relation to the agenda items for the EGM prior to the meeting electronically and may also ask questions real time in the form of typed text (Virtual Attendance) or raise questions at the Meeting Venue (Physical Attendance) during the meeting. Please refer to the procedures in the Administrative Guide for the EGM.

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Extraordinary General Meeting
FGV Holdings Berhad
26 June 2025

STAMP

Share Registrar

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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