

Third Quarter Report 2024



UNITED PLANTATIONS BERHAD
(Company Registration No. 191701000045 (240 A))
Jendarata Estate • 36009 Teluk Intan • Perak Darul Ridzuan • Malaysia

United Plantations Berhad

Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2024 (The figures have not been audited)

(RM'000)	----- Quarter ended 30 September -----			----- 9 Months ended 30 September -----		
	2024	2023	Changes (%)	2024	2023	Changes (%)
Revenue	547,669	540,158	1.4%	1,570,492	1,470,219	6.8%
Operating expenses	(319,395)	(238,713)	33.8%	(962,340)	(920,469)	4.5%
Other operating income	33,858	(3,698)	(1015.6%)	54,527	92,335	(40.9%)
Finance costs	(108)	(182)	(40.7%)	(126)	(544)	(76.8%)
Interest income	5,566	5,918	(5.9%)	18,527	19,498	(5.0%)
Share of results of joint ventures	13,268	2,432	445.6%	17,431	2,081	737.6%
Profit before taxation	280,858	305,915	(8.2%)	698,511	663,120	5.3%
Income tax expense	(65,036)	(69,207)	(6.0%)	(162,020)	(153,958)	5.2%
Profit after taxation	215,822	236,708	(8.8%)	536,491	509,162	5.4%
Profit for the period	215,822	236,708	(8.8%)	536,491	509,162	5.4%
Net profit attributable to:						
Equity holders of the parent	215,031	235,682	(8.8%)	533,839	506,787	5.3%
Non-controlling interests	791	1,026	(22.9%)	2,652	2,375	11.7%
	215,822	236,708	(8.8%)	536,491	509,162	5.4%
Earnings per share						
(i) Basic - based on an average 414,784,984 (2023:414,784,984) ordinary shares (sen)	51.84	56.82	(8.8%)	128.70	122.18	5.3%
(ii) Fully diluted (not applicable)	-	-	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2023.

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Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2024 (The figures have not been audited)

(RM'000)	----- Quarter ended 30 September -----			----- 9 Months ended 30 September -----		
	2024	2023	Changes (%)	2024	2023	Changes (%)
Profit for the period	215,822	236,708	(8.8%)	536,491	509,162	5.4%
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(17,455)	(7,103)	145.7%	(29,678)	22,504	(231.9%)
Cash flow hedge						
- changes in fair value	(5,361)	(4,280)	25.3%	(28,341)	270,049	(110.5%)
- transfers to profit or loss	5,959	4,034	47.7%	12,233	(290,100)	104.2%
Withholding tax effect on dividend	-	(2,266)	(100.0%)	-	(2,266)	(100.0%)
Total Comprehensive income	198,965	227,093	(12.4%)	490,705	509,349	(3.7%)
Total comprehensive income attributable to:						
Equity holders of the parent	199,047	226,422	(12.1%)	489,537	505,848	(3.2%)
Non-controlling interests	(82)	671	(112.2%)	1,168	3,501	(66.6%)
	198,965	227,093	(12.4%)	490,705	509,349	(3.7%)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2023.

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Condensed Consolidated Statement of Financial Position as at 30 September 2024 (The figures have not been audited)

(RM'000)	30 September 2024	31 December 2023
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,241,679	1,250,828
Right-of-use assets	407,167	403,306
Associated company	50	50
Joint Ventures	81,933	64,001
Goodwill	356,856	356,856
Other receivables	487	413
Deferred tax assets	1,424	2,201
Total non-current assets	2,089,596	2,077,655
Current Assets		
Biological assets	56,968	51,473
Inventories	231,412	245,938
Trade & other receivables	222,470	213,008
Prepayments	6,687	5,421
Tax recoverable	34,778	16,809
Derivatives	40,169	19,700
Cash and bank balances	454,982	579,872
Short term funds	159,308	53,729
Total current assets	1,206,774	1,185,950
Total assets	3,296,370	3,263,605
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	390,054	390,054
Treasury shares	(18,668)	(18,668)
Other reserves	(16,471)	27,831
Retained profits	2,528,798	2,451,223
	2,883,713	2,850,440
Non-controlling interests	15,458	16,980
Total equity	2,899,171	2,867,420
Non-Current Liabilities		
Deferred tax liabilities	194,478	182,604
Retirement benefit obligations	14,048	14,098
Lease liabilities	13,258	12,687
Total non-current liabilities	221,784	209,389
Current Liabilities		
Trade & other payables	124,351	129,601
Tax payable	48,437	48,045
Retirement benefit obligations	2,627	2,627
Derivatives	-	6,502
Bank borrowings	-	21
Total current liabilities	175,415	186,796
Total liabilities	397,199	396,185
Total equity and liabilities	3,296,370	3,263,605
Net assets per share (RM)	6.95	6.86

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2023.

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Condensed Statement of Changes in Equity for the Nine Months Ended 30 September 2024 (The figures have not been audited)

	Attributable to Equity Holders of the Parent						Total	Non-controlling interests	Total equity
	Share Capital	Treasury shares	Retained profits	Cash flow hedge reserve	Capital reserve	Translation reserve			
(RM'000)									
Balance at 1 January 2024	390,054	(18,668)	2,451,223	14,971	21,798	(8,938)	2,850,440	16,980	2,867,420
Total comprehensive income for the period	-	-	533,839	(16,108)	-	(28,194)	489,537	1,168	490,705
Dividends, representing total transaction with owners	-	-	(456,264)	-	-	-	(456,264)	-	(456,264)
Dividends to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	(2,690)	(2,690)
Balance at 30 September 2024	390,054	(18,668)	2,528,798	(1,137)	21,798	(37,132)	2,883,713	15,458	2,899,171
Balance at 1 January 2023	390,054	(18,668)	2,492,218	31,160	21,798	(25,829)	2,890,733	14,028	2,904,761
Total comprehensive income for the period	-	-	504,521	(20,051)	-	21,378	505,848	3,501	509,349
Dividends, representing total transaction with owners	-	-	(414,785)	-	-	-	(414,785)	-	(414,785)
Dividends to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	(1,193)	(1,193)
Balance at 30 September 2023	390,054	(18,668)	2,581,954	11,109	21,798	(4,451)	2,981,796	16,336	2,998,132

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2023.

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Condensed Consolidated Cash Flow Statements for the Nine Months Ended 30 September 2024 (The figures have not been audited)

(RM'000)	9 Months ended 30 September	
	2024	2023
Operating Activities		
-Receipts from operations	1,572,795	1,476,548
-Operating payments	(928,264)	(832,193)
-Placement of deposits in derivative operations	(24,757)	(34,711)
Cash flow from operations	619,774	609,644
Other operating receipts	53,192	91,338
Taxes paid	(162,056)	(196,155)
Cash flow from operating activities	510,910	504,827
Investing Activities		
- Proceeds from sale of property, plant and equipment	1,335	997
- Investment in a joint venture	(500)	-
- Interest received	18,625	19,644
- Purchase of property, plant and equipment	(71,127)	(85,356)
- Payment for right-of-use assets	(7,263)	(2,407)
- Net change in short term funds	(105,579)	(29,269)
Cash flow from investing activities	(164,509)	(96,391)
Financing Activities		
- Dividends paid	(456,264)	(414,785)
- Dividends paid to non-controlling shareholders of a subsidiary	(2,690)	(1,193)
- Finance costs paid	(126)	(5)
- Associated company	(9)	1
- Joint venture	(12,181)	(4,502)
Cash flow from financing activities	(471,270)	(420,484)
Net Change in Cash & Cash Equivalents	(124,869)	(12,048)
Cash & Cash Equivalents at beginning of year	579,851	536,984
Cash & Cash Equivalents at end of period	454,982	524,936

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

Short Term Funds of RM159,308,000 (2023: RM271,551,000) are excluded from Cash Flow Statements due to reclassification of Short Term Funds from Cash & Cash Equivalents.

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Notes To The Interim Financial Report

A1) ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial statements of the Group for the financial period ended 30 September 2024 are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2023. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2023.

At the date of authorization of these interim financial statements, the following MFRSs were issued but not yet effective and have not been applied by the Group:

MFRS	Effective for annual periods beginning on or after
• Amendments to MFRS 121 – Lack of exchangeability	1 Jan 2025
• Amendments to MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards	1 Jan 2026
• Amendments to MFRS 7 – Financial Instrument : Disclosures	1 Jan 2026
• Amendments to MFRS 9 – Financial Instrument	1 Jan 2026
• Amendments to MFRS 10 – Consolidated Financial Statements	1 Jan 2026
• Amendments to MFRS 107 –Statement of Cash Flows	1 Jan 2026
• MFRS 18 – Presentation and Disclosure in Financial Statements	1 Jan 2027
• MFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2) AUDIT REPORT

The auditor’s report on the financial statements for the financial year ended 31 December 2023 was not qualified.

A3) SEASONAL AND CYCLICAL NATURE OF GROUP’S PRODUCTS AND OPERATIONS

The prices for the Group’s products are not within the total control of the Group but are determined by the global supply and demand situation for edible oils and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group’s production of crude palm oil (“CPO”) and palm kernel (“PK”) gradually increases from March/April, peaking around July to September, and then declines from October to February. This pattern can be affected by severe global weather conditions such as El-Nino and La Nina.

The prices obtainable for the Group’s products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

A4) EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the current period.

A5) CHANGES IN ESTIMATES

There were no material changes to estimates made in prior period.

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A6) EQUITY AND DEBT SECURITIES

As at 30 September 2024, the number of treasury shares held was 1,483,548 shares as there were no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current period. There was also no issuance of new shares or debt instruments in the current period.

A7) DIVIDENDS PAID

The following dividends were paid on 14 May 2024 in respect of the financial year ended 31 December 2023: -

Ordinary	RM'000
Final Dividend of 70 sen paid	290,350
Special Dividend of 40 sen paid	<u>165,914</u>
Total	<u>456,264</u>

A8) SEGMENTAL INFORMATION

The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

(RM'000)	9 months ended 30 September 2024				
	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External sales	536,236	1,034,256	-	-	1,570,492
Inter-segment sales	460,730	-	-	(460,730)	-
	996,966	1,034,256	-	(460,730)	1,570,492
Segment Results:					
Operating profit/(loss)	578,370	84,838	(529)	-	662,679
Investment and interest income	11,114	6,727	709	(23)	18,527
Interest expense	(75)	(74)	-	23	(126)
Share of results of joint ventures	4	17,427	-	-	17,431
Profit before tax	589,413	108,918	180	-	698,511
Taxation	(139,714)	(22,275)	(31)	-	(162,020)
Profit after tax	449,699	86,643	149	-	536,491
Assets:					
Segment assets	2,449,499	713,876	51,012	-	3,214,387
Investment in an associated company	-	-	50	-	50
Investment in joint ventures	(12)	81,945	-	-	81,933
Consolidated assets					<u>3,296,370</u>
Consolidated liabilities	349,272	47,891	36	-	<u>397,199</u>

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9 months ended 30 September 2023					
(RM'000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External sales	533,375	936,844	-	-	1,470,219
Inter-segment sales	418,658	-	-	(418,658)	-
	952,033	936,844	-	(418,658)	1,470,219
Segment Results:					
Operating profit/(loss)	523,595	118,745	(255)	-	642,085
Investment and interest income	10,732	8,482	313	(29)	19,498
Interest expense	(543)	(30)	-	29	(544)
Share of results of joint ventures	(4)	2,085	-	-	2,081
Profit before tax	533,780	129,282	58	-	663,120
Taxation	(122,958)	(31,007)	7	-	(153,958)
Profit after tax	410,822	98,275	65	-	509,162
Assets:					
Segment assets	2,552,209	771,505	6,107	-	3,329,821
Investment in an associated company	-	-	50	-	50
Investment in joint ventures	(5)	55,586	-	-	55,581
Consolidated assets					3,385,452
Consolidated liabilities	319,203	68,081	36	-	387,320

A9) VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2023.

A10) EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date.

A11) CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the period including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

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Notes To The Interim Financial Report

A12) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 13 November 2024.

B1) DIRECTORS' ANALYSIS OF THE GROUP'S PERFORMANCE FOR 9 MONTHS ENDED 30 SEPTEMBER 2024

The Group's revenue for the current period at RM1,570.5 million was higher by 6.8% as compared to RM1,470.2 million recorded in the corresponding period, due to the increases in revenues for the plantation and refinery segments in the current period mainly as a result of higher CPO and PK prices.

The Group's profit before tax at RM698.5 million for the current period was higher by 5.3% as compared to RM663.1 million in the corresponding period mainly due to higher contribution from the plantation segment. The analysis of the performance in accordance with the segments is as follows:

Plantations

The revenue from the major segment of the Group in the current period, despite lower production, was 4.7% higher when compared to the corresponding period due to higher average CPO and PK prices which at RM4,080 and RM2,310 were 3.9% and 17.4% higher respectively than the corresponding period. Group CPO and PK production were lower by 1.9% and 8.0% respectively when compared to the corresponding period.

The average selling prices of CPO and PK for the current and corresponding periods were as shown below.

Countries	Products	September 2024 Current Period (RM/MT)	September 2023 Corresponding Period (RM/MT)
Malaysia	CPO	4,178	4,063
Indonesia	CPO	3,556	3,312
Average	CPO	4,080	3,927
Malaysia	PK	2,341	2,052
Indonesia	PK	2,162	1,607
Average	PK	2,310	1,968

CPO production cost was 10.0% lower than the corresponding period, mainly because of lower manuring cost in the current period. However PK production cost was 6.0% higher in the current period.

The better selling prices coupled with lower cost of production of CPO resulted in a 10.4% increase in profit before tax when compared with the corresponding period.

CPO windfall tax incurred at RM23.2 million was 21.2% higher than the corresponding period as a result of higher average MPOB price.

Group net interest income at RM18.5 million was 5.0% lower than RM19.5 million recorded in the corresponding period due to lower deposits in the current period after the payments of RM331.8 million interim dividends in December 2023 and the final dividends of RM456.3 million in May 2024.

Notes To The Interim Financial Report

Refinery

The revenue for the refinery segment increased by 10.4% to RM1,034.3 million in the current period from RM936.8 million in the corresponding period mainly due to higher average selling prices as a result of higher CPO and PK prices, and higher sales volume. However, this segment despite the higher revenue recorded a 15.8% decrease in profit before tax in the current period. This was mainly due to excess refining capacity in the region and subdued global demand thereby pressuring refining margins.

The profit before tax of the refinery segment as reported above includes the share of results of the joint-venture, Unifuji Sdn Bhd which has been equity accounted. The joint-venture recorded a profit before tax of RM39.4 million (contributing a share of profit after tax of RM17.4 million) in the current period which is substantially higher than the profit before tax of RM5.5 million (share of profit after tax of RM2.1 million) in the corresponding period. The surge in profit is because of higher contributions from sales as well as positive net foreign exchange gains in the current period, whereas the result in the corresponding period was negatively impacted by net foreign exchange losses.

B2) COMPARISON OF RESULTS WITH PRECEDING QUARTER

(RM'000)	Current Quarter 30/9/2024	Preceding Quarter 30/6/2024	Changes %
Revenue	547,669	546,076	0.3%
Interest income	5,566	6,048	(8.0%)
Profit Before Tax	280,858	239,205	17.4%
Profit After Tax	210,822	187,134	12.7%

The Group's revenue for the current quarter at RM547.7 million was marginally higher by 0.3% as compared to RM546.1 million recorded in the preceding quarter.

The profit before tax for the current quarter at RM280.9 million was higher by 17.4% as compared to RM239.2 million recorded in the preceding quarter due to higher profits from both the plantation and refinery segments. The quarterly segmental analysis is as follows:

Plantations

The revenue for plantation segment increased by 7.7% in the current quarter from the preceding quarter mainly due to higher production. CPO and PK production increased by 11.7% and 18.5% respectively. The average PK price was marginally higher by 0.5% whereas the average CPO price was lower by 2.3%.

CPO and PK production costs were 7.5% and 27.8% lower than the preceding quarter. The lower CPO production cost was because of lower manuring cost in the current quarter.

As a result of the above, the profit before tax of this segment increased by 8.1% in the current quarter.

The higher production from the Malaysian estates resulted in a 9.8% higher CPO windfall tax when compared with the preceding quarter.

Interest income for the Group decreased by 8.0% in the current quarter from the preceding quarter due to lower deposits in the current quarter after the payment of RM456.3 million final dividends in May 2024.

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Refinery

The refinery segment recorded a marginally 1.3% increase in revenue in the current quarter due to higher average selling prices.

The profit before tax of RM56.4 million for this segment in the current quarter was 76.7% higher than the preceding quarter. This was because of the reversal of hedging losses through buy backs of earlier sold BMD futures and reversal of foreign exchange losses due to the appreciation of Ringgit against USD in the current quarter.

The profit before tax of the refinery segment as reported above includes a share of profit of the joint-venture, Unifuji Sdn Bhd which has been equity accounted. The joint-venture recorded a profit before tax of RM28.2 million (a share of profit after tax of RM13.1 million) in the current quarter, which was higher than the profit before tax of RM8.3 million (share of profit after tax of RM3.1 million) recorded in the preceding quarter mainly due to reversal of foreign exchange losses as the result of appreciation of Ringgit against USD.

B3) **PROSPECTS AND OUTLOOK**

During the third quarter of 2024, palm oil prices traded in a range from a high of RM4,199/MT to a low of RM3,638/MT for the third month position.

During September, prices had recovered to above RM4,100/MT, mainly as a function of the much lower-than-expected palm oil production in Indonesia during the first 9 months of the year coinciding with an increasing Indonesian biodiesel production and finally better exports of palm oil globally. The palm oil price increase took place in spite of the Ringgit Malaysia strengthening around 10% from RM4.63 to RM4.12 against the USD.

The key factors to watch during the final quarter of the year will be how production in Malaysia and Indonesia perform and if there will be any significant stock build. So far, exports continue to surprise positively combined with a slowdown in production which has kept a lid on further stock build. The Ringgit has also given up some of its sharp gains against the USD and is now trading at around RM4.40 against the USD which in combination with the above factors, have further supported palm oil prices to levels of above RM5,000/MT, the highest prices in more than two years.

The global economic growth during 2024 has so far been more resilient than initially anticipated and with the first interest rate cut in two years by the US central bank during September, the sentiment has turned more positive. Nevertheless, with inflation being sticky, interest rates will likely stay higher for longer and this coupled with the escalation of geopolitical conflicts and their impact on global supply chains may bring some pressure on global business and consumer spending as well as the demand for vegetable oils.

Amidst the global uncertainties and challenges, management remains focused on its operations and is taking various means to improve yields, productivities and to reduce costs. This aim is pursued through ongoing mechanization initiatives and through the replanting of older, less productive oil palm stands with our latest in-house high yielding planting materials. These efforts are vital for our ability to remain competitive and profitable as increasing labour costs, energy, chemicals and building materials are expected to exert upward pressure on our cost base.

Based on the improved palm oil prices and the Company's focus on securing the budgeted crop in the remaining part of 2024, the Board of Directors expects that the results for the year will be satisfactory.

B4) **PROFIT FORECASTS**

The Group has not issued any profit forecasts for the period under review.

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Notes To The Interim Financial Report

B5) OPERATING PROFIT

Included in the operating profit are the following:

<i>(RM'000)</i>	<i>Current Quarter</i>	<i>Current year-to-date</i>
Depreciation and amortisation	(28,073)	(84,737)
Realised foreign exchange gains/(losses)	6,774	(5,678)
Realised losses on commodities futures contracts	(12,077)	(17,719)
Fair value gains:		
- Forward foreign exchange contracts	27,960	31,062
- Commodities futures contracts	8,880	8,292
Gains on disposal of property, plant and equipment	305	991

B6) TAXATION

The charge for taxation for the period ended 30 September 2024 comprises:

<i>(RM'000)</i>	<i>Current Quarter</i>	<i>Current year-to-date</i>
Current taxation	59,013	144,478
Deferred taxation	6,023	17,542
	65,036	162,020
Profit before taxation	280,858	698,511
Tax at the statutory income tax rate of 24%	67,406	167,643
Tax effect of different tax rate in other country	(398)	(1,335)
Tax effects in determining taxable profit:		
Tax effects on share of results of joint ventures	(3,184)	(4,183)
Under provision of income tax in prior financial year	1,572	1,572
Income not subject to tax	(543)	(2,036)
Expenses not deductible	183	359
Tax expense	65,036	162,020

B7) CORPORATE PROPOSALS

The Directors have recommended a Proposed Bonus Issue of new ordinary shares of United Plantations Berhad ("UPB") on the basis of one bonus share for every two existing UPB shares held on the entitlement date to be announced later. Please refer to the bonus issue announcement dated 13 November 2024.

There are no other corporate proposals announced as at 13 November 2024.

B8) GROUP BORROWINGS

There were no group borrowings as at 30 September 2024.

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B9) FINANCIAL INSTRUMENTS

a) Derivatives

Derivatives not designated as hedging instruments

The Group uses forward currency contracts and commodity futures contracts to manage its exposure to currency and price risks, as well as to take advantage of favourable market conditions. The forward currency contract is not designated as cash flow or fair value hedges and is entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Derivatives designated as hedging instruments – Cash flow hedge

Commencing from 1 October 2018, the Group has designated certain commodity futures contracts as hedging derivatives to reduce the volatility attributable to price fluctuations of crude palm oil ("CPO"). Hedging of the price volatility of forecast CPO is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships between the CPO sold and the forward commodity contracts as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The fair values of these derivatives as at 30 September 2024 are as follows:

	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
Current			
Non-hedging derivatives:			
Forward currency contracts	553,830	36,434	-
Commodity futures contracts	427,155	2,240	-
Hedging derivatives:			
Commodity futures contracts	351,275	1,495	-
		<u>40,169</u>	<u>-</u>
Non-current			
Non-hedging derivatives:			
Commodity futures contracts	-	-	-
Hedging derivatives:			
Commodity futures contracts	-	-	-
		<u>-</u>	<u>-</u>
Total derivatives		<u>40,169</u>	<u>-</u>

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There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 31 December 2023.

The description, notional amount and maturity profile of each derivative are shown below:

i) Forward currency contracts

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date.

The forward currency contracts are stated at fair value. Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

As at 30 September 2024, the notional amount, fair value and maturity tenor of the forward currency contracts are as follows:

	Contract/ Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	553,830	36,434
- 1 year to less than 3 years	-	-
- more than 3 years	-	-
	<u>553,830</u>	<u>36,434</u>

ii) Commodity futures contracts

Commodity futures contracts are used to manage and hedge the Group's exposure to adverse price movements in vegetable oil commodities.

The commodity futures contracts are stated at fair value. Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

As at 30 September 2024, the notional amount, fair value and maturity tenor of the commodity futures contracts are as follows:

	Contract/ Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	778,430	3,735
- 1 year to less than 3 years	-	-
- more than 3 years	-	-
	<u>778,430</u>	<u>3,735</u>

b) **Fair Value Changes of Financial Liabilities**

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

Notes To The Interim Financial Report

B10) MATERIAL LITIGATION

There was no material litigation as at 13 November 2024.

B11) PROPOSED DIVIDENDS

The Directors have, in accordance to the Dividend Policy, declared an interim dividend of 40 sen per share and a special dividend of 20 sen per share (2023: interim dividend of 40 sen per share and an extraordinary dividend of 40 sen per share) for the year ending 31 December 2024 on the issued ordinary share capital of the Company. The dividend is payable on 10 December 2024.

B12) EARNINGS PER SHARE (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of RM533,839,000 (2023: RM506,787,000) and the weighted average number of ordinary shares of 414,784,984 (2023: 414,784,984) in issue during the period.

By Order of the Board

Ng Eng Ho

Company Secretary

Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia

13 November 2024

Contact information

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