



**FGV HOLDINGS BERHAD (800165-P)**

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Year Ended 31 December 2019**



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT**

**On consolidated results for the quarter ended 31 December 2019**

The Directors are pleased to announce the following:

**Unaudited Condensed Consolidated Statements of Profit and Loss  
Amounts in RM thousand unless otherwise stated**

	Note	Quarter ended 31 December			Year to date ended 31 December		
		2019	2018	% + / (-)	2019	2018	% + / (-)
Revenue		3,154,349	3,231,136	(2.4)	13,259,012	13,464,480	(1.5)
Cost of sales		(2,943,061)	(2,918,970)	(0.8)	(12,062,929)	(12,097,034)	0.3
<b>Gross profit</b>		211,288	312,166	(32.3)	1,196,083	1,367,446	(12.5)
Other operating income		29,356	35,087	(16.3)	103,947	121,472	(14.4)
Selling and distribution costs		17,918	18,783	(4.6)	(149,908)	(161,336)	7.1
Administrative expenses		(221,364)	(321,461)	31.3	(813,726)	(928,211)	12.3
Reversal/(impairment) of financial assets (net)		1,685	(59,089)	>100	(104,392)	(153,160)	31.8
Other operating expenses		(22,426)	(116,344)	80.7	(191,341)	(834,424)	77.1
Commodity (losses)/gains - net		(6,684)	6,628	<100	1,802	6,143	(70.7)
<b>Operating profit/(loss)</b>		9,773	(124,230)	>100	42,465	(582,070)	>100
Fair value changes in Land Lease Agreement ('LLA') liability		41,616	(24,144)	>100	(236,821)	(233,379)	(1.5)
<b>Operating profit/(loss) after LLA</b>	15	51,389	(148,374)	>100	(194,356)	(815,449)	76.2
Finance income		100	6,882	(98.5)	21,877	23,825	(8.2)
Finance costs		(16,086)	(50,020)	67.8	(181,647)	(192,298)	5.5
Share of results from associates		(201)	(765)	73.7	(1,625)	(11,721)	86.1
Share of results from joint ventures		10,861	52,103	(79.2)	5,491	(29,324)	>100
<b>Profit/(loss) before zakat and taxation</b>		46,063	(140,174)	>100	(350,260)	(1,024,967)	65.8
Zakat		(6,271)	(3,117)	<100	(6,397)	(18,603)	65.6
Taxation	16	9,403	(95,260)	>100	(14,446)	(100,034)	85.6
<b>Profit/(loss) for the financial period/year</b>		49,195	(238,551)	>100	(371,103)	(1,143,604)	67.5
<b>Profit/(loss) attributable to:</b>							
-Owners of the Company		75,789	(209,158)	>100	(242,191)	(1,080,923)	77.6
-Non-controlling interests		(26,594)	(29,393)	9.5	(128,912)	(62,681)	<100
		49,195	(238,551)	>100	(371,103)	(1,143,604)	67.5
Earnings per share for loss attributable to the the owners of the Company:							
Basic (sen)	20	2.1	(5.7)		(6.6)	(29.6)	



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the quarter ended 31 December 2019 (continued)**

**Unaudited Condensed Consolidated Statements of Comprehensive Income**  
**Amounts in RM thousand unless otherwise stated**

	Quarter ended			Year to date ended		
	31 December	2018	%	31 December	2018	%
	2019	2018	+ / (-)	2019	2018	+ / (-)
<b>Profit/(loss) for the financial period/year</b>	49,195	(238,551)	>100	(371,103)	(1,143,604)	67.5
<b>Other comprehensive income/(loss)</b>						
Actuarial (loss)/gain on defined benefit plan	(6,844)	2,473		(5,602)	2,034	
Fair value changes of financial assets at fair value through other comprehensive income	5,133	(18,239)		13,176	(18,671)	
Share of other comprehensive loss of associates	(1,056)	-		(1,056)	-	
Share of other comprehensive loss of joint ventures	(24,395)	(12,713)		(38,606)	(12,842)	
Currency translation differences	(15,655)	(6,694)		(12,717)	(7,126)	
Cash flow hedges	(1,527)	(371)		(5,528)	(158)	
Other comprehensive loss for the financial period/year, net of tax	<u>(44,344)</u>	<u>(35,544)</u>		<u>(50,333)</u>	<u>(36,763)</u>	
<b>Total comprehensive income/(loss) for the financial period/year</b>	<u>4,851</u>	<u>(274,095)</u>	>100	<u>(421,436)</u>	<u>(1,180,367)</u>	64.3
<b>Total comprehensive income/(loss) attributable to:</b>						
- Owners of the Company	32,540	(239,988)	>100	(288,372)	(1,112,303)	74.1
- Non-controlling interests	<u>(27,689)</u>	<u>(34,107)</u>	18.8	<u>(133,064)</u>	<u>(68,064)</u>	(95.5)
<b>Total comprehensive income/(loss) for the financial period/year</b>	<u>4,851</u>	<u>(274,095)</u>	>100	<u>(421,436)</u>	<u>(1,180,367)</u>	64.3

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2018.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the quarter ended 31 December 2019 (continued)**

**Unaudited Condensed Consolidated Statement of Financial Position**  
**Amounts in RM thousand unless otherwise stated**

	Note	Unaudited As at 31 December 2019	Unaudited As at 31 December 2018	Unaudited As at 1 January 2018
<b><u>Non-current assets</u></b>				
Property, plant and equipment		8,361,274	8,501,173	8,391,626
Rights-of-use assets		2,037,866	2,361,222	2,383,093
Investment properties		106,049	118,370	118,169
Intangible assets		969,754	996,021	1,536,568
Interests in associates		39,757	101,082	275,478
Interests in joint ventures		427,698	488,175	585,773
Amount due from a significant shareholder		55,257	134,982	-
Amount due from a joint venture		-	62,929	26,941
Amounts due from related companies		7,243	126,334	-
Deposit and other receivables		77,143	76,211	88,057
Derivative financial assets	18	-	561	717
Deferred tax assets		627,739	608,045	742,706
Available-for-sale financial assets		-	-	157,877
Financial assets through other comprehensive income		107,434	86,224	-
Loans due from joint ventures		-	70,201	71,431
		<u>12,817,214</u>	<u>13,731,530</u>	<u>14,378,436</u>
<b><u>Current assets</u></b>				
Inventories		1,313,037	2,063,235	2,132,303
Receivables		1,470,499	1,235,861	1,373,976
Biological assets		46,415	42,446	54,338
Amount due from a significant shareholder		61,737	27,610	215,389
Amounts due from joint ventures		148,577	326,389	472,938
Amounts due from related companies		89,416	50,206	146,789
Tax recoverable		51,264	202,006	203,309
Available-for-sale financial assets		-	-	6,409
Financial assets at fair value through profit or loss		58,940	46,055	49,321
Derivative financial assets	18	18,388	3,706	6,875
Contract assets		3,456	33,733	13,091
Deposits, cash and bank balances		1,617,622	1,220,351	1,740,658
Assets held for sale		4,879,351	5,251,598	6,415,396
		<u>192,499</u>	<u>4,829</u>	<u>72,239</u>
		<u>5,071,850</u>	<u>5,256,427</u>	<u>6,487,635</u>
<b>Total assets</b>		<u><u>17,889,064</u></u>	<u><u>18,987,957</u></u>	<u><u>20,866,071</u></u>
<b><u>Equity</u></b>				
Share capital		7,029,889	7,029,889	7,029,889
Treasury shares		(302)	(705)	(1,484)
Reserves		(2,852,403)	(2,564,031)	(1,419,844)
<b>Equity attributable to owners of the Company</b>		<u>4,177,184</u>	<u>4,465,153</u>	<u>5,608,561</u>
Non-controlling interests		1,923,169	2,138,628	2,253,254
<b>Total equity</b>		<u><u>6,100,353</u></u>	<u><u>6,603,781</u></u>	<u><u>7,861,815</u></u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the quarter ended 31 December 2019 (continued)**

**Unaudited Condensed Consolidated Statement of Financial Position (continued)**  
**Amounts in RM thousand unless otherwise stated**

	Note	Unaudited As at 31 December 2019	Unaudited As at 31 December 2018	Unaudited As at 1 January 2018
<b><u>Non-current liabilities</u></b>				
Borrowings	17	766,054	991,506	733,234
Loans due to a significant shareholder	17	881,664	1,074,045	1,222,765
LLA liability		4,063,332	4,079,836	4,067,794
Derivative financial liabilities	18	5,166	-	-
Provision for asset retirement		32,124	31,810	32,725
Provision for defined benefit plan		87,059	82,961	87,768
Lease liability		257,717	254,132	238,705
Deferred tax liabilities		638,714	735,370	812,363
		<u>6,731,830</u>	<u>7,249,660</u>	<u>7,195,354</u>
<b><u>Current liabilities</u></b>				
Payables		1,212,299	1,227,785	1,178,883
Loans due to a significant shareholder	17	3,322	85,058	164,551
Amount due to a significant shareholder		216,558	187,582	483,166
Amounts due to associates		485	210	37
Amounts due to joint ventures		-	249	-
Amounts due to related companies		1,604	2,559	128,641
Borrowings	17	3,254,504	3,252,605	3,376,922
Derivative financial liabilities	18	29,266	7,545	1,039
Provision for asset retirement		655	662	648
Other provision		-	35,541	32,841
Lease liability		35,100	35,748	31,784
LLA liability		252,814	248,172	325,486
Contract liabilities		16,998	41,209	58,714
Current tax liabilities		32,660	8,606	3,712
		<u>5,056,265</u>	<u>5,133,531</u>	<u>5,786,424</u>
Liabilities related to assets held for sale		616	985	22,478
		<u>5,056,881</u>	<u>5,134,516</u>	<u>5,808,902</u>
<b>Total liabilities</b>		<u>11,788,711</u>	<u>12,384,176</u>	<u>13,004,256</u>
<b>Total equity and liabilities</b>		<u>17,889,064</u>	<u>18,987,957</u>	<u>20,866,071</u>
Net assets per share attributable to owners of the Company		<u>1.15</u>	<u>1.22</u>	<u>1.54</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2018.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Changes in Equity  
Amounts in RM thousand unless otherwise stated**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Year to date ended 31 December 2019</b>									
At 1 January 2019 (Note 1(b))	7,029,889	(705)	103,551	(3,089,497)	(31,003)	452,918	4,465,153	2,138,628	6,603,781
Loss for the financial year	-	-	-	-	-	(242,191)	(242,191)	(128,912)	(371,103)
Other comprehensive income/(loss) for the financial year, net of tax:									
<u>Items that will not be reclassified to profit or loss</u>									
- actuarial loss on defined benefit plan	-	-	-	-	-	(5,169)	(5,169)	(433)	(5,602)
- fair value changes in financial assets at fair value through other comprehensive income	-	-	-	-	13,140	-	13,140	36	13,176
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	(8,013)	-	-	-	(8,013)	(1,046)	(9,059)
- reclassification of foreign exchange reserve upon disposal of a subsidiary	-	-	(3,658)	-	-	-	(3,658)	-	(3,658)
- share of other comprehensive loss of joint ventures	-	-	(38,606)	-	-	-	(38,606)	-	(38,606)
- share of other comprehensive loss of associates	-	-	(1,056)	-	-	-	(1,056)	-	(1,056)
- cash flow hedge reserves	-	-	-	-	(2,819)	-	(2,819)	(2,709)	(5,528)
	-	-	(51,333)	-	(2,819)	-	(54,152)	(3,755)	(57,907)
Total other comprehensive (loss)/income for the financial year	-	-	(51,333)	-	10,321	(247,360)	(288,372)	(133,064)	(421,436)
Treasury shares	-	(3,180)	-	-	-	-	(3,180)	-	(3,180)
Employee share grant	-	-	-	-	3,583	-	3,583	-	3,583
Transfer to LTIP reserve	-	3,583	-	-	(3,583)	-	-	-	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(82,395)	(82,395)
Total transactions with owners	-	403	-	-	-	-	403	(82,395)	(81,992)
At 31 December 2019	7,029,889*	(302)	52,218	(3,089,497)	(20,682)	205,558	4,177,184	1,923,169	6,100,353



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Changes in Equity (continued)**  
**Amounts in RM thousand unless otherwise stated**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Year to date ended 31 December 2018</b>									
At 1 January 2018 (Note 1(b))	7,029,889	(1,484)	119,077	(3,089,497)	(5,453)	1,556,029	5,608,561	2,253,254	7,861,815
Change in accounting policy based on MFRS 1 short-term exemption applied on items within scope of MFRS 9	-	-	-	-	(6,576)	(24,892)	(31,468)	496	(30,972)
	7,029,889	(1,484)	119,077	(3,089,497)	(12,029)	1,531,137	5,577,093	2,253,750	7,830,843
Loss for the financial year	-	-	-	-	-	(1,080,923)	(1,080,923)	(62,681)	(1,143,604)
Other comprehensive (loss)/income for the financial period, net of tax:									
<u>Item that will not be reclassified to profit or loss</u>									
- actuarial loss on defined benefit plan	-	-	-	-	-	2,704	2,704	(670)	2,034
- fair value changes in financial assets at fair value through other comprehensive income	-	-	-	-	(18,477)	-	(18,477)	(194)	(18,671)
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	(2,684)	-	-	-	(2,684)	(4,442)	(7,126)
- share of other comprehensive loss of joint ventures	-	-	(12,842)	-	-	-	(12,842)	-	(12,842)
- cash flow hedge reserves	-	-	-	-	(81)	-	(81)	(77)	(158)
	-	-	(15,526)	-	(81)	-	(15,607)	(4,519)	(20,126)
Total other comprehensive loss for the financial year	-	-	(15,526)	-	(18,558)	(1,078,219)	(1,112,303)	(68,064)	(1,180,367)
Treasury shares	-	(4,920)	-	-	-	-	(4,920)	-	(4,920)
Employee share grant	-	-	-	-	5,283	-	5,283	-	5,283
Transfer to LTIP reserve	-	5,699	-	-	(5,699)	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(969)	(969)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	-	-	-	(46,089)	(46,089)
Total transaction with owners	-	779	-	-	(416)	-	363	(47,058)	(46,695)
At 31 December 2018	7,029,889*	(705)	103,551	(3,089,497)	(31,003)	452,918	4,465,153	2,138,628	6,603,781

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2018.

\* Includes 1 Special Share of RM1.00 held by Minister of Finance (Incorporated).



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Cash Flows  
Amounts in RM thousand unless otherwise stated**

	<b>Year to date ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss for the financial year</b>	(371,103)	(1,143,604)
Adjustments for non-cash items	1,517,776	2,338,462
<b>Operating profit before working capital changes</b>	1,146,673	1,194,858
Changes in working capital	737,454	(246,595)
<b>Cash generated from operations</b>	1,884,128	948,263
Interest received	21,877	23,825
Taxation refund/(paid), net	49,030	(29,770)
Zakat paid	(6,397)	(18,603)
Retirement benefits paid	(14,563)	(5,660)
<b>Net cash generated from operating activities</b>	1,934,075	918,055
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(633,911)	(963,703)
Purchase of intangible asset	(3,674)	(17,273)
Purchase of investment properties	-	(14,511)
Purchase of assets held for sale	-	(3,100)
Proceeds from disposal of property, plant and equipment	50	109
Proceeds from disposal of investment in an associate	29,000	145,000
Proceeds from sale of financial assets at fair value through profit or loss	8,731	116,606
Additions of financial assets at fair value through other comprehensive income	(8,027)	(13,593)
Additions of financial assets at fair value through profit or loss	(5,339)	(41,152)
Additional investment in a joint venture	(6,584)	-
Net cash inflow from disposal of a subsidiary	77,347	(121)
Payment for asset retirement obligations	-	(48)
Repayment of loan from a jointly controlled entity	22,510	-
Dividend received from associates	1,167	824
Dividend received from joint ventures	42,895	41,929
Dividend received from financial assets at fair value through other comprehensive income	-	2,529
<b>Net cash used in investing activities</b>	(475,835)	(746,504)



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**  
**Amounts in RM thousand unless otherwise stated**

	<b>Year to date ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	5,234,677	6,075,541
Repayment of borrowings	(5,431,798)	(5,938,908)
Repayment of LLA liability	(248,683)	(298,651)
Repayment of loan due to a significant shareholder	(268,687)	(230,399)
Dividend paid to non-controlling interest	(82,395)	(46,089)
Finance costs paid	(211,698)	(208,152)
Principal payment of lease liabilities	(19,184)	(25,972)
Interest payment of lease liabilities	(13,539)	(12,764)
Purchase of treasury stock	(3,180)	(4,920)
Decrease/(increase) in restricted cash	75,169	(77,004)
<b>Net cash used in financing activities</b>	<b>(969,318)</b>	<b>(767,318)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>488,922</b>	<b>(595,767)</b>
Effect of foreign exchange rate changes	(16,642)	(2,111)
Cash and cash equivalents at beginning of the financial year	1,096,007	1,693,318
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,568,287</b>	<b>1,095,440</b>
Deposits, cash and bank balances	1,617,622	1,220,351
Less: Restricted cash	(49,175)	(124,344)
Less: Assets held for sale	(160)	(567)
Cash and cash equivalents at end of the financial year	1,568,287	1,095,440

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2018.



## FGV HOLDINGS BERHAD

### QUARTERLY REPORT (CONTINUED)

#### **Explanatory Notes on the Quarterly Report – 31 December 2019** **Amounts in RM thousand unless otherwise stated**

This interim financial information of FGV Holdings Berhad ('FGV' or 'Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ('MFRS') No. 134 – Interim Financial Reporting.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with FGV audited financial statements for the financial year ended 31 December 2018. These explanatory notes attached to the Unaudited Condensed Consolidated Interim Financial Information 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 financial year ended 31 December 2018.

#### **1. Basis of Preparation**

The financial statements of the Group 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 accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 31 December 2018, except for the following:

##### **(a) MFRS 16 "Leases"**

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 affects primarily the accounting by lessees and results in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating leases (off balance sheet) and finance leases (on balance sheet) and requires a lessee to recognise a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for virtually all lease contracts. The only exceptions are for short-term leases and leases of low-value assets in which the payments are recognised on a straight line basis as an expense in profit or loss.

The standard affects primarily the accounting for the Group's leases previously recognised as operating leases under MFRS 117.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' ('MFRS 116') and the lease liability is accreted over time with interest expense recognised in the profit or loss. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, as operating lease payment is replaced with interest on lease liability and amortisation of the right-of-use assets, key metrics like earnings before interest, taxation, depreciation and amortisation ("EBITDA") would have changed. Operating cash flows are higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The financial impact of the adoption of MFRS 16 on the financial statements of the Group are disclosed in Note 1(b).



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**1. Basis of Preparation (continued)**

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

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



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**

**Amounts in RM thousand unless otherwise stated**

**1. Basis of Preparation (continued)**

(b) The effects of the new accounting policies and the restatement of comparative figures are as follows:

<b>Consolidated Statements of Profit and Loss:</b>	<b>Restatement of comparative figures</b>					
	<b>Quarter ended 31 December 2018</b>			<b>Year to date ended 31 December 2018</b>		
	<b>As previously stated</b>	<b>Effects of MFRS 16</b>	<b>As restated</b>	<b>As previously stated</b>	<b>Effects of MFRS 16</b>	<b>As restated</b>
Administrative expenses	(316,275)	(5,186)	(321,461)	(939,363)	11,152	(928,211)
Operating loss after LLA	(143,188)	(5,186)	(148,374)	(826,601)	11,152	(815,449)
Finance costs (Note 24)	(54,312)	4,292	(50,020)	(179,130)	(13,168)	(192,298)
Loss before zakat and taxation	(139,280)	(894)	(140,174)	(1,022,951)	(2,016)	(1,024,967)
Taxation	(95,525)	265	(95,260)	(100,569)	535	(100,034)
Loss for the financial period/year	(237,922)	(629)	(238,551)	(1,142,123)	(1,481)	(1,143,604)
Loss attributable to:						
– Owners of the Company	(208,799)	(359)	(209,158)	(1,079,952)	(971)	(1,080,923)
– Non-controlling interests	(29,123)	(270)	(29,393)	(62,171)	(510)	(62,681)
	(237,922)	(629)	(238,551)	(1,142,123)	(1,481)	(1,143,604)
Earnings per share for profit attributable to the owners of the Company:						
Basic (sen)	(5.72)	(0.01)	(5.73)	(29.60)	(0.03)	(29.63)



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**

Amounts in RM thousand unless otherwise stated

**1. Basis of Preparation (continued)**

(b) The effects of new accounting policies and the restatement of comparative figures are as follows: (continued)

	<b>Restatement of comparative figures</b>					
	<b>As at 31 December 2018</b>			<b>As at 1 January 2018</b>		
<b><u>Consolidated Statements of Financial Position</u></b>	<b>As previously stated</b>	<b>Effects of MFRS 16</b>	<b>As restated</b>	<b>As previously stated</b>	<b>Effects of MFRS 16</b>	<b>As restated</b>
<b><u>Non-current assets</u></b>						
Property, plant and equipment	10,521,000	(2,019,827)	8,501,173	10,446,122	(2,054,496)	8,391,626
Prepaid lease payments	67,089	(67,089)	-	71,666	(71,666)	-
Rights-of-use assets	-	2,361,222	2,361,222	-	2,383,093	2,383,093
Deferred tax assets	605,163	2,882	608,045	740,359	2,347	742,706
<b><u>Non-current liabilities</u></b>						
Lease liabilities	-	254,132	254,132	-	238,705	238,705
<b><u>Current liabilities</u></b>						
Lease liabilities	-	35,748	35,748	-	31,784	31,784
<b><u>Equity</u></b>						
Retained earnings	462,422	(9,504)	452,918	1,564,562	(8,533)	1,556,029
Non-controlling interests	2,141,816	(3,188)	2,138,628	2,255,932	(2,678)	2,253,254



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**

**Amounts in RM thousand unless otherwise stated**

**2. Seasonal or Cyclical Factors**

Global sales of oils and fats products follow a similar pattern where sales increases ahead of festivities due to increased consumer demand. In addition, the harvest of fresh fruit bunches (“FFB”) at palm oil plantations tends to increase in the second half of the financial year as a result of the rainfall pattern in Malaysia, which leads to a greater supply of CPO and PK during the second half of the financial year as FFB is immediately processed following its harvest.

Sales of refined oils and sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for cooking oil and refined sugar.

**3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no other material or unusual items affecting FGV’s assets, liabilities, equity, net income or cash flows during the financial period under review.

**4. Material Changes in Estimates**

Other than the changes in assumptions made to the fair value changes of financial liabilities as disclosed in Note 19, there were no other material changes in the estimates of amounts reported in the prior interim period of the current financial year or the interim period of the previous financial year that have a material effect on the results for the current quarter under review.

**5. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

**6. Dividends**

The Board of Directors has agreed to recommend a final dividend payment of 2.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM72.96 million for the financial year ended 31 December 2019, subject to approval of shareholders at forthcoming Annual General Meeting.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information**

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

The GMC considers the business by product related activities. The reportable segments for the financial year ended 31 December 2019 have been identified as follows:

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

The entities included in the respective reportable segments have changed from the financial year ended 31 December 2018 due to the changes in the internal management reporting structure to the CODM. Comparatives have been restated to conform to the revised reportable segments.

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

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



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

The segment information provided to the GMC for the reportable segments of FGV for the financial period is as follows:

<b>Year to date ended 31 December 2019</b>		<b>Plantation</b>	<b>Sugar</b>	<b>Logistics and Others</b>	<b>Corporate HQ and Elimination</b>	<b>Total</b>
Total segment revenue		15,565,795	2,423,753	674,860	512,980	19,177,388
Less : Inter-segment revenue		(4,703,963)	(416,742)	(321,051)	(476,620)	(5,918,376)
Revenue from external customers		<u>10,861,832</u>	<u>2,007,011</u>	<u>353,809</u>	<u>36,360</u>	<u>13,259,012</u>
Finance income		7,693	6,152	7,219	813	21,877
Finance costs		(75,042)	(76,985)	(3,274)	(26,346)	(181,647)
Depreciation and amortisation		(598,497)	(94,936)	(86,835)	(20,514)	(800,782)
Fair value changes in LLA liability		(236,821)	-	-	-	(236,821)
Impairment of financial assets		(29,371)	(4,343)	(17,033)	(53,645)	(104,392)
Share of results of joint ventures		6,549	-	-	(1,058)	5,491
Share of results of associates		1,038	-	-	(2,663)	(1,625)
(Loss)/profit before zakat and taxation for the financial year		<u>(11,629)</u>	<u>(319,704)</u>	<u>30,211</u>	<u>(49,138)</u>	<u>(350,260)</u>
Disaggregation of the Group's revenue is as follows:		<u>Timing of revenue recognition</u>				
Sales of Palm Products Oils	At a point in time	7,078,204	814	-	-	7,079,018
Sales of Sugar	At a point in time	-	2,006,127	-	-	2,006,127
Others	At a point in time/over time	3,783,628	70	353,809	36,360	4,173,867
		<u>10,861,832</u>	<u>2,007,011</u>	<u>353,809</u>	<u>36,360</u>	<u>13,259,012</u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

The segment information provided to the GMC for the reportable segments of FGV for the financial period is as follows: (continued)

	<b>Plantation</b>	<b>Sugar</b>	<b>Logistics and Others</b>	<b>Corporate HQ and Elimination</b>	<b>Total</b>	
<b>Year to date ended 31 December 2018 (restated)</b>						
Total segment revenue	15,898,198	2,569,311	754,688	434,544	19,656,741	
Less : Inter-segment revenue	(5,160,676)	(367,455)	(283,676)	(380,454)	(6,192,261)	
Revenue from external customers	<u>10,737,522</u>	<u>2,201,856</u>	<u>471,012</u>	<u>54,090</u>	<u>13,464,480</u>	
Finance income	21,526	3,240	5,601	(6,542)	23,825	
Finance costs	(77,621)	(37,630)	(10,906)	(66,141)	(192,298)	
Depreciation and amortisation	(566,207)	(60,743)	(86,398)	(46,303)	(759,651)	
Fair value changes in LLA liability	(233,379)	-	-	-	(233,379)	
Impairment of financial assets	(135,851)	-	(7,410)	(9,899)	(153,160)	
Share of results of joint ventures	(41,504)	-	-	12,180	(29,324)	
Share of results of associates	1,540	-	-	(13,261)	(11,721)	
(Loss)/profit before zakat and taxation for the financial year	<u>(988,535)</u>	<u>58,710</u>	<u>67,636</u>	<u>(162,778)</u>	<u>(1,024,967)</u>	
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>					
Sales of Palm Products Oils	At a point in time	7,280,782	988	-	-	7,281,770
Sales of Sugar	At a point in time	-	2,200,767	-	-	2,200,767
Others	At a point in time/ over time	3,456,740	101	471,012	54,090	3,981,943
		<u>10,737,522</u>	<u>2,201,856</u>	<u>471,012</u>	<u>54,090</u>	<u>13,464,480</u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**8. Capital Commitments**

Authorised capital expenditure not provided for are as follows:

	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
Capital expenditure approved and contracted for:		
- Property, plant and equipment	198,304	404,636
- Intangible assets	-	2,941
	<u>198,304</u>	<u>407,577</u>

**9. Significant Related Party Transactions**

Federal Land Development Authority (“FELDA”), a significant shareholder of the Group, effectively owns 33.7% of the issued share capital of the Company. FELDA is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – “Related Party Disclosures”, FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as “government-related entities”) are related parties of the Group.

The Group have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- (i) Purchasing of goods and services, including use of public utilities and amenities
- (ii) Placing of bank deposits with government-related financial institutions

These transactions are conducted in the ordinary course of the Group’s business on terms consistently applied in accordance with the Group’s internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 31 December 2019 and 31 December 2018 are as follows:

(a) Sales of goods and services

	<b>Year to date ended 31 December</b>	
	2019	2018
(i) Transactions with joint ventures		
Sales of Palm Processed Oil (“PPO”) and Palm Fatty Acid Distillate (“PFAD”) by FGV Palm Industries Sdn. Bhd. (“FPI”) to Felda Iffco Sdn. Bhd. (“FISB Group”)	-	136,146
Sales of CPO by FGV Trading Sdn. Bhd. (“FGVT”) and FPI to FISB Group	929,003	1,365,665
Sales of Crude Palm Kernel Oil (“CPKO”), Refined Bleached Deodorised Palm Kernel Oil (“RBDPKO”) and Palm Kernel Fatty Acid Distillate (“PKFAD”) by FGV Kernel Products Sdn. Bhd. (“FKPSB”) to FISB Group and FPG Oleochemicals Sdn. Bhd. (“FPG”)	807,116	1,135,348
Sales of CPO by FGVT and FPI to MAPAK Edible Oil Pvt. Ltd. (“MAPAK”)	213,217	228,612
Provision of storage space for vegetable oil by FGV Bulkers Sdn. Bhd. (“FBSB”) to FISB Group and FPG	16,233	14,904
(ii) Transaction with an associate		
Sales of PPO by FGVT and FPI to F.K.W. Global Commodities (Private) Limited (“FKW”)	23,379	21,278



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 31 December 2019 and 31 December 2018 are as follows: (continued)

(a) Sales of goods and services (continued)

	<b>Year to date ended 31 December</b>	
	2019	2018
(iii) Transactions with FELDA and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. (“FPMSB”)	180,189	104,158
IT services rendered by FGV Prodata Systems Sdn. Bhd (“Prodata”)	23,246	25,230
Security services rendered by FGV Security Services Sdn. Bhd (“FSSSB”)	21,794	23,564
Sales of seedlings and planting materials by FGV Agri Services Sdn. Bhd. (“FASSB”)	15,172	16,647
Travel and hospitality services by Felda Travel Sdn. Bhd.	4,420	10,980

(b) Purchase of goods and services

Transactions with FELDA and its subsidiaries:

LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. (“FGVPM”)	248,683	298,651
Interest expense charged by FELDA	47,013	61,932
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. (“FRISB”)	133,925	125,512
Purchase of FFB by FGVT and FPI	2,624,697	2,838,442
Building rental charged by FELDA	3,033	22,383
Joint Consultative Committee payment by FGVT and FPI to FELDA	13,136	12,678



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 31 December 2019 and 31 December 2018 are as follows: (continued)

(c) Transactions with Government related entities

	<b>Year to date ended</b>	
	<b>31 December</b>	
	2019	2018
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy received from Malaysia Palm Oil Board (“MPOB”)	12,585	20,669
CESS payment to MPOB	39,901	36,724

**10. Effect of Significant Changes in the Composition of FGV**

Disposal of a subsidiary

On 10 September 2019, FGV disposed FGV China Oils Ltd. (“FGVCO”), a wholly-owned subsidiary of FGV for a total consideration of RMB168 million (RM97.15 million) which resulted in a gain on disposal of RM219,000.

The effect of the disposal of FGVCO on the financial position of the Group as at the financial period end is as follows:

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

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



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**11. Contingent Liabilities and Material Litigation**

On 21 September 2017, Delima Oil Products Sdn. Bhd. (“DOP”), an indirect subsidiary of the Company, was sued by a company in China known as Chengdu Azonda International Trading Co., Ltd. (“Azonda”). The Plaintiff claims that they have incurred damages due to the alleged shipment issues in 2016 and 2017 amounting to RM7.0 million as well as loss of future profits approximately RM46.0 million.

On 3 November 2017, DOP filed its Statement of Defence and Counterclaim and Azonda filed its Reply to Defence and Defence to Counterclaim on 15 November 2017. The Court had heard part trial the matter on 15 January 2019 and continued another part heard on 4 March 2019 to 6 March 2019. The matter was fixed for decision (after full trial) on 1 August 2019 whereby the High court dismissed the plaintiff claim against DOP and allowed the counter claim made by DOP with costs of RM80,000. On 10 September 2019, the Solicitor informed that the Plaintiff Solicitor did not serve any notice of appeal.

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



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**12. Review of Group Performance**

	<b>Year to date ended</b>		<b>% + / (-)</b>
	<b>31 December 2019</b>	<b>2018</b>	
Revenue	<u>13,259,012</u>	<u>13,464,480</u>	(1.5)
Plantation	(11,629)	(988,535)	98.8
Sugar	(319,704)	58,710	<100
Logistics and Others	<u>30,211</u>	<u>67,636</u>	(55.3)
Sector results	(301,122)	(862,189)	65.1
Corporate HQ and elimination	<u>(49,138)</u>	<u>(162,778)</u>	69.8
Loss before zakat and taxation	(350,260)	(1,024,967)	65.8
Zakat	(6,397)	(18,603)	65.6
Taxation	<u>(14,446)</u>	<u>(100,034)</u>	85.6
Loss for the financial year	<u>(371,103)</u>	<u>(1,143,604)</u>	67.5
Loss attributable to:			
Owners of the Company	(242,191)	(1,080,923)	77.6
Non-controlling interests	<u>(128,912)</u>	<u>(62,681)</u>	<100
Loss for the financial year	<u>(371,103)</u>	<u>(1,143,604)</u>	67.5

**Overall**

The revenue of the Group declined marginally by 1.5% to RM13.26 billion compared to previous corresponding year while the Group reported a lower loss before zakat and taxation of RM350.26 million for the financial year under review compared to RM1,024.97 million losses in previous financial year. The significant losses registered in previous financial year was due to impairment losses recognised amounting to RM949 million (2019: net impairment of RM269 million).

Without the impairment, the loss before zakat and taxation for the financial year ended 31 December 2019 increased by 7% to RM81.26 million compared to RM75.97 million in 2018. The Group's results were largely affected by the impact of lower average CPO price realised in Plantation Sector for the current year and losses incurred in Sugar Sector.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**12. Review of Group Performance (continued)**

**(a) Plantation Sector**

Plantation Sector reported a lower loss of RM11.63 million for the financial year ended 31 December 2019 compared to RM988.53 million reported in previous year. The huge losses incurred in previous year was mainly attributable to the recognition of impairment losses amounting to RM921 million (2019: net impairment of RM33 million).

Without the impairment, the Sector reported a profit of RM21.37 million compared to RM67.53 million losses in previous financial year due to improvement in downstream division on the back of higher margin and sales volume registered in kernel crushing as well as rubber division. In addition, improved share of result from joint ventures in current financial year has helped to improve the Sector's performance.

Operationally, FFB production rose by 5.6% to 4.45 million mt compared to 4.21 million mt with a yield of 18.44 mt per hectare. OER achieved was higher at 20.61% from 20.49% registered in the previous year. The Sector's results was impacted by the lower average CPO price realised of RM2,021 per mt against RM2,282 per mt in previous year.

**(b) Sugar Sector**

Sugar Sector registered a loss of RM319.70 million compared to RM58.71 million profit in previous financial year mainly attributable to lower gross profit, higher finance cost incurred following the modification of certain terms in respect of its Islamic term loan and provision of RM143 million for the impairment of plant and machinery.

**(c) Logistic and Others Sector**

Logistic and Others Sector recorded a lower profit of RM30.21 million compared to RM67.64 million posted in previous year.

Logistic division recorded an improved contribution due to higher throughput and tonnage carried in current financial year. The improvement was offsetted by the losses incurred in Others division due to net impairment of receivables of RM13 million and property, plant and equipment of RM21 million coupled with the effect of proposed closure of two entities and provision of separation scheme of RM20 million. The proposed closure is in line with the Group's initiatives to focus on core business.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**13. Material Changes in the Quarterly Results Compared to Preceding Quarter**

	<b>Quarter ended</b>		%
	<b>31 December 2019</b>	<b>30 September 2019</b>	<b>+ / (-)</b>
Revenue	<u>3,154,349</u>	<u>3,549,245</u>	(11.1)
Plantation	75,683	(73,037)	>100
Sugar	(43,704)	(219,970)	80.1
Logistic and Others	<u>8,577</u>	<u>(4,639)</u>	>100
Sector results	40,556	(297,646)	>100
Corporate HQ and elimination	<u>5,507</u>	<u>(65,322)</u>	>100
Profit/(loss) before zakat and taxation	46,063	(362,968)	>100
Zakat	(6,271)	1,415	<100
Taxation	9,403	(1,518)	>100
Loss profit for the financial period	<u>49,195</u>	<u>(363,071)</u>	>100
Loss attributable to:			
Owners of the Company	75,789	(262,410)	>100
Non-controlling interests	<u>(26,594)</u>	<u>(100,661)</u>	73.6
Loss for the financial period	<u>49,195</u>	<u>(363,071)</u>	>100

**Overall**

The revenue of the Group reported a decrease by 11.1% to RM3.16 billion in current quarter while Group reported a profit before zakat and taxation of RM46.06 million compared to RM362.97 million losses in preceding quarter.

Without impairment, Group's profit before zakat and taxation improved from a loss of RM58.97 million to a profit of RM63.06 million. The improvement was mainly due to the lower losses contributed by Sugar business operationally for the quarter under review compared to preceding quarter.

Higher losses registered in preceding quarter was mainly due to the recognition of impairment on loan to a joint venture amounting to RM125 million and impairment of property, plant and equipment of RM145 million.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**13. Material Changes in the Quarterly Results Compared to Preceding Quarter (continued)**

**(a) Plantation Sector**

The Plantation Sector recorded a profit of RM75.68 million compared to RM73.04 million losses in preceding quarter.

In preceding quarter, the results was brought down by net impairment on loan due from a joint venture and receivables of RM70 million and fair value LLA charge of RM113.16 million compared to fair value gain of RM41.62 million in current quarter.

Without impairment and LLA, the Sector's profit was lower by 65% to RM38.06 million compared to RM110.12 million in preceding quarter. This was mainly attributable to decrease in FFB production to 1.01 million mt from 1.23 million mt in the preceding quarter whilst yield was lower at 4.18 mt per hectare compared to 5.12 mt per hectare in preceding quarter. Lower OER was achieved at 20.53% in the current quarter compared to 20.91% achieved in the preceding quarter.

However, the decrease in profit was partially cushioned by the higher average CPO price realised in current quarter of RM2,159 per mt compared to RM1,983 per mt in preceding quarter.

**(b) Sugar Sector**

Sugar Sector reported a lower loss of RM43.70 million compared to RM219.97 million losses in preceding quarter. In preceding quarter, the Sector recognised impairment of plant and machinery of RM145 million due to proposed closure of a refinery and recorded lower gross profit due to decrease in average selling price.

**(c) Logistics and Others Sector**

Logistic and Others Sector recorded a profit of RM8.58 million compared to RM4.64 million losses in preceding quarter mainly attributed to higher throughput registered in current quarter but partially offset with the net impairment of property, plant and equipment and receivables of RM10 million.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**14. Variance of Actual Profit from Profit Forecast or Profit Guarantee**

Not applicable as there was no profit forecast or profit guarantee issued.

**15. Operating loss after LLA**

**Year to date ended  
31 December  
2019                      2018**

Included in operating profit after LLA are:

Depreciation of property, plant and equipment	700,522	647,270
Property, plant and equipment written off	28,331	24,488
Depreciation of investment properties	12,321	12,417
Amortisation of intangible assets	30,887	27,395
Intangible assets written off	-	2,784
Depreciation of right-of-use assets	57,052	72,569
Impairment loss on investment in joint venture	-	1,350
Impairment loss on property, plant and equipment - net	164,221	215,750
Impairment loss on investment properties	-	1,218
Impairment loss on intangible assets	179	526,625
Impairment loss on assets held for sale	-	52,080
Loss on disposal of investment in an associate	1,413	18,494
Net unrealised foreign exchange (gain)/loss	<u>(8,830)</u>	<u>5,230</u>

**16. Taxation**

	<b>Quarter Ended 31 December</b>		<b>Year to date Ended 31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Malaysian income tax</b>				
Current financial period/year	18,144	(17,416)	126,211	37,924
Prior financial period/year	<u>(445)</u>	<u>(2,013)</u>	<u>(445)</u>	<u>(1,957)</u>
	17,699	(19,429)	125,766	35,967
<b>Foreign income tax</b>				
Current financial period/year	(214)	3,374	5,030	5,989
<b>Deferred tax</b>	<u>(26,888)</u>	<u>111,315</u>	<u>(116,350)</u>	<u>58,078</u>
	<u>(9,403)</u>	<u>95,260</u>	<u>14,446</u>	<u>100,034</u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**16. Taxation (continued)**

The effective tax rate for the financial year ended 31 December 2019 is higher than the Malaysian income tax rate of 24% due to certain expenses which are not allowable and deferred tax assets not recognised on losses in certain subsidiaries.

**17. Borrowings**

	As at 31 December 2019					
	Long term		Short term		Total borrowings	
	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent
<b>Secured</b>						
Islamic term loans	-	766,054	-	179,748	-	945,802
Short term trade financing						
- United States Dollar	-	-	6,212	25,425	6,212	25,425
- Thai Baht	-	-	59,170	8,097	59,170	8,097
<b>Unsecured</b>						
Loan due to significant shareholder	-	881,664	-	3,322	-	884,986
Islamic term loans	-	-	-	971,021	-	971,021
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,460,986	-	1,460,986
- United States Dollar	-	-	67,594	276,663	67,594	276,663
- Great Britain Pound	-	-	11,837	63,647	11,837	63,647
- Singapore Dollar	-	-	1,020	3,101	1,020	3,101
Short term trade financing	-	-	-	265,816	-	265,816
<b>Total borrowings</b>		1,647,718		3,257,826		4,905,544

**Exchanges rates applied as at 31 December 2019**

United States Dollar	4.0930
Thai Baht	13.6844
Great Britain Pound	5.3772
Singapore Dollar	3.0412

As at 31 December 2019, certain short term trade financing is secured over certain property, plant and equipment, benefits of an insurance covering finished goods, and guaranteed by some of the Directors and/or shareholders of certain subsidiary companies. Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**18. Derivative Financial Instruments**

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 December 2019 are as follows:

	<b>Contractual/ Notional Amount</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
<u>Non-current</u>			
Islamic profit rate swap	426,667	-	5,166
<u>Current</u>			
Foreign currency forwards	516,852	18,388	11
Palm oil futures	219,240	-	29,255
	736,092	18,388	29,266
	1,162,759	18,388	34,432

**19. Fair Value Changes of Financial Instruments**

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 last financial year ended 31 December 2018. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**19. Fair Value Changes of Financial Instruments (continued)**

<u>31 December 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	-	18,388	-	18,388
- Trading securities	<u>58,940</u>	<u>-</u>	<u>-</u>	<u>58,940</u>
	58,940	18,388	-	77,328
Financial assets at fair value through other comprehensive income	<u>3,748</u>	<u>-</u>	<u>103,686</u>	<u>107,434</u>
Total assets	<u>62,688</u>	<u>18,388</u>	<u>103,686</u>	<u>184,762</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,316,146	4,316,146
- Derivatives	<u>34,421</u>	<u>11</u>	<u>-</u>	<u>34,432</u>
Total liabilities	<u>34,421</u>	<u>11</u>	<u>4,316,146</u>	<u>4,350,578</u>

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



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**19. Fair Value Changes of Financial Instruments (continued)**

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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise LLA liability and unquoted financial assets at fair value through other comprehensive income.

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

	Financial year ended <u>31 December 2019</u>	Financial year ended <u>31 December 2018</u>
<u>LLA liability</u>		
1 January	4,328,008	4,393,280
Fair value changes charged to profit or loss	236,821	233,379
Repayment during the financial year:		
- Fixed lease payments	(243,781)	(243,930)
- Share of profits	(4,902)	(54,721)
	<u>4,316,146</u>	<u>4,328,008</u>
<u>Financial assets through other comprehensive income</u>		
1 January	82,634	69,880
Addition	8,028	31,425
Fair value changes	13,024	(18,671)
	<u>103,686</u>	<u>82,634</u>

Fair value changes for the LLA liability has been measured based on assumptions made on crude palm oil prices, palm kernel prices, average yield of fresh fruit bunches and mature and immature estate costs. Any changes on assumptions used will cause a material variation of the liability.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**20. Earnings Per Share**

	Quarter ended 31 December		Year to date ended 31 December	
	2019	2018	2019	2018
Basic earnings per share are computed as follows:				
Profit/(loss) for the financial period/year attributable to owners of the Company (RM'000)	75,789	(209,158)	(242,191)	(1,080,923)
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	2.1	(5.7)	(6.6)	(29.6)

**21. Status of Corporate Proposals**

There was no corporate proposal entered into during the financial period under review.

**22. Significant Events**

- (i) On 2 January 2019, Dato' Mohd Hairul Abdul Hamid has been appointed as Chief Financial Officer of FGV.
- (ii) On 3 January 2019, in relation to the Termination of the Joint Venture Agreement between FGV Myanmar (L) Pte. Ltd., a wholly owned subsidiary of the Company and Pho La Min Trading Company Limited in 12 May 2017, the Board of Directors of the Company announced that FGV Pho La Min Co., Ltd. ("FGV PLM"), the indirect joint venture of the Company has been terminated. This was following the notification received from The Government of the Republic of the Union of Myanmar, Ministry of Investment and Foreign Economic Relations, Directorate of Investment and Company Administration. As a result, FGV PLM has ceased to be a joint venture company of the Group. The termination will not have material financial impact to the Group for the financial year ending 31 December 2019.
- (iii) On 23 January 2019, Dato' Haris Fadzilah Hassan has been appointed as a new Chief Executive Officer and his appointment has been concurred by the Minister of Finance (Incorporated). With the appointment of Dato' Haris Fadzilah Hassan as Chief Executive Officer, Datuk Wira Azhar Abdul Hamid has resigned as the Interim Chief Executive Officer.



## FGV HOLDINGS BERHAD

### QUARTERLY REPORT (CONTINUED)

#### Explanatory Notes on the Quarterly Report – 31 December 2019 (continued) Amounts in RM thousand unless otherwise stated

#### 22. Significant Events (continued)

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

On 11 February 2019, certain Defendants to the Company suit have filed a counterclaim (“the Counterclaim”) against FGV and the current members of the Board of Directors of FGV (“Counterclaim Defendants”). The Counterclaim seeks reliefs, jointly and severally, against FGV and the Counterclaim Defendants for declaration that FGV and the Counterclaim Defendants are liable for the loss of RM514 million (in the Company’s suit) and for any damages, general damages and interest at 5% per annum to be indemnified by FGV and Counterclaim Defendants. The Company’s solicitors are in the process of reviewing the Counterclaim and advising FGV on the same.

On 8 November 2019, the Counterclaim Defendants filed an application to strike out the Counterclaim. The High Court after hearing both parties, has struck out the Counterclaim and dismissed the 10<sup>th</sup> to 14<sup>th</sup> Defendants’ claim with costs. The High Court also directed the Defendants to file and serve their Amended Defence and has fixed the Company’s action for case management on 13 January 2020.

- (v) On 12 February 2019, the member’s voluntary winding up process for Felda Plantations Sdn. Bhd. (“FPSB”), a dormant and indirect subsidiary of the Company has been completed and was deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016.
- (vi) On 20 February 2019, the process to strike-off the name of Felda Global Ventures Rubber Sdn. Bhd. (“FGVR”), a wholly-owned subsidiary of FGV, from the Register of the Companies Commission of Malaysia under Section 550 of the Companies Act 2016 (“the Act”) has been duly dissolved under the Act. The dissolution will not have material financial impact to the Group for the financial year ending 31 December 2019.
- (vii) On 15 May 2019, the process to strike-off the name of FGV Lipid Venture Sdn. Bhd. (“FGVLV”), a subsidiary of FGV, from the Register of the Companies Commission of Malaysia under Section 550 of the Companies Act 2016 (“the Act”) has been duly dissolved under the Act. The dissolution will not have material financial impact to the Group for the financial year ending 31 December 2019.
- (viii) On 4 June 2019, Felda Holdings Berhad (“FHB”) a wholly-owned subsidiary of FGV has entered into a Sale and Purchase Agreement with Orient View Sdn Bhd for the disposal of Paragon Yield Sdn Bhd (“Paragon”), an associate of the Group for a total cash consideration of RM29.0 million. Consequently, Paragon has been classified as asset held for sale in the statements of financial position as the criteria under MFRS 5 “Non-current Assets Held For Sale And Discontinued Operations” has been met.

On 20 October 2019, the disposal has been completed and resulting in a loss on disposal of RM1.41 million to the Group.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**22. Significant Events (continued)**

- (ix) On 14 June 2019, FGV Plantations Sdn. Bhd. (formerly known as Felda Global Ventures Plantations Sdn Bhd) (“FGVP”), a wholly-owned subsidiary of FGV has on 30 May 2019 entered into a Share Sale Agreement to acquire 200,000,000 ordinary shares, representing 100% of the total issued and paid-up share capital of FGV Trading Sdn. Bhd. (“FGVT”) from FGV for a total consideration of RM200,000,000.

The above transaction is an internal re-organisation exercise whereby FGVT shall become a direct subsidiary of FGVP and in turn become an indirect subsidiary of FGV.

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

- (x) On 10 July 2019, FGV entered into an Equity Transfer Agreement with Grand Industrial Holding Co., Ltd to dispose of FGV’s 100% equity interest in FGV China Oils Ltd (“FGVCO”) for a total consideration of RMB165 million (approximately RM100 million) (“Proposed Disposal”). Upon completion of the Proposed Disposal, FGVCO shall cease to be a wholly-owned subsidiary of FGV.

As at 10 September 2019, the disposal has been completed and resulting in a gain on disposal of RM219,000 to the Group.

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

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

The proposed disposal is expected to be completed by the second quarter of 2020.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**22. Significant Events (continued)**

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

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

**23. Material events after reporting period**

On 13 February 2020, the Board of Directors' announced that MEO Trading Sdn. Bhd., an indirect Joint Venture of FGV (the "Joint Venture Company") has been placed under Members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The liquidators have been appointed for the company on the same day. The voluntary winding up of the Company is not expected to have any material impact on the earnings and net assets of the FGV Group for the financial year ending 31 December 2019.

**24. Comparative**

The following comparatives have been restated to conform with current financial period presentation which more accurately reflect the nature of the relevant transactions.

	<u>As previous stated</u>	<u>Reclassification</u>	<u>As restated</u>
Consolidated Statements of Profit and Loss for the financial period ended 31 December 2018			
- Finance income	33,969	(10,144)	23,825
- Finance costs (Note 1(b))	(189,274)	10,144	(179,130)
	<u>                    </u>	<u>                    </u>	<u>                    </u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2019 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**25. Prospects**

The Group is continuing its efforts to deliver better results operationally and financially to create value for our shareholders. This include initiatives which will deliver sustained results for the benefit of all stakeholders.

Whilst the Group has made positive improvements operationally, the Board foresees the business environment to remain challenging.

By Order of the Board

Koo Shuang Yen  
Company Secretary

28 February 2020