



FGV HOLDINGS BERHAD

200701042133 (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2021**



FGV HOLDINGS BERHAD

QUARTERLY REPORT

On consolidated results for the quarter ended 31 March 2021

The Directors are pleased to announce the following:

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

| | Note | Year to date ended 31 March | | % + / (-) |
|---|------|--------------------------------|-------------|--------------|
| | | 2021 | 2020 | |
| Revenue | | 3,393,491 | 2,783,088 | 21.9 |
| Cost of sales | | (3,041,267) | (2,646,662) | (14.9) |
| Gross profit | | 352,224 | 136,426 | >100 |
| Other operating income | | 42,781 | 18,977 | >100 |
| Selling and distribution costs | | (33,469) | (41,874) | 20.1 |
| Administrative expenses | | (178,695) | (213,698) | 16.4 |
| (Impairment)/reversal of impairment of financial assets (net) | | (6,862) | 13,207 | <100 |
| Other operating expenses | | (1,497) | (16,095) | 90.7 |
| Commodity gains - net | | 11,247 | 46,737 | (75.9) |
| Operating profit/(loss) | | 185,729 | (56,320) | >100 |
| Fair value changes in Land Lease Agreement ('LLA') liability | | (143,750) | (57,301) | <100 |
| Operating profit/(loss) after LLA | 15 | 41,979 | (113,621) | >100 |
| Finance income | | 3,987 | 6,171 | (35.4) |
| Finance costs | | (32,639) | (48,159) | 32.2 |
| Share of results from associates | | (503) | 40 | <100 |
| Share of results from joint ventures | | 2,173 | (7,485) | >100 |
| Profit/(loss) before zakat and taxation | | 14,997 | (163,054) | >100 |
| Zakat | | 762 | (5,104) | >100 |
| Taxation | 16 | (29,540) | (5,711) | <100 |
| Loss for the financial period | | (13,781) | (173,869) | 92.1 |
| Loss attributable to: | | | | |
| -Owners of the Company | | (35,421) | (142,349) | 75.1 |
| -Non-controlling interests | | 21,640 | (31,520) | >100 |
| | | (13,781) | (173,869) | 92.1 |
| Earnings/(loss) per share for loss attributable to the owners of the Company: | | | | |
| Basic (sen) | 20 | (0.97) | (3.90) | |



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 March 2021 (continued)

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

| | Year to date ended 31 March | | % + / (-) |
|---|--|------------------|----------------------|
| | 2021 | 2020 | |
| Loss for the financial period | (13,781) | (173,869) | 92.1 |
| Other comprehensive income/(loss) | | | |
| Actuarial loss on defined benefit plan | 319 | (1,362) | |
| Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI") | (376) | 3,606 | |
| Share of other comprehensive loss of joint ventures | (58) | 1,500 | |
| Currency translation differences | 28,615 | 31,496 | |
| Cash flow hedges | 2,437 | (5,864) | |
| Other comprehensive income for the financial period/year net of tax | <u>30,937</u> | <u>29,376</u> | |
| Total comprehensive income/(loss) for the financial period | <u>17,156</u> | <u>(144,493)</u> | >100 |
| Total comprehensive (loss)/income attributable to: | | | |
| - Owners of the Company | (7,507) | (110,950) | 93.2 |
| - Non-controlling interests | <u>24,663</u> | <u>(33,543)</u> | >100 |
| Total comprehensive income/(loss) for the financial period | <u>17,156</u> | <u>(144,493)</u> | >100 |

The unaudited Condensed Consolidated Statement 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 2020.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 March 2021 (continued)

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

| | Note | Unaudited As at 31 March 2021 | Audited As at 31 December 2020 |
|---|------|--|---|
| <u>Non-current assets</u> | | | |
| Property, plant and equipment | | 7,749,496 | 7,810,463 |
| Right-of-use assets | | 2,248,043 | 2,299,579 |
| Investment properties | | 90,724 | 93,789 |
| Intangible assets | | 955,052 | 958,289 |
| Interests in associates | | 62,549 | 38,058 |
| Interests in joint ventures | | 437,419 | 441,546 |
| Amount due from ultimate holding company | | 12,455 | 12,455 |
| Deposit and other receivables | | 141,923 | 136,078 |
| Deferred tax assets | | 552,036 | 526,672 |
| Financial assets through other comprehensive income | | 145,200 | 144,251 |
| | | 12,394,897 | 12,461,180 |
| <u>Current assets</u> | | | |
| Inventories | | 1,528,041 | 1,192,616 |
| Receivables | | 1,470,447 | 1,410,955 |
| Biological assets | | 100,757 | 57,001 |
| Amount due from ultimate holding company | | 65,945 | 62,440 |
| Amounts due from joint ventures | | 23,270 | 26,908 |
| Amounts due from related companies | | 92,189 | 63,660 |
| Tax recoverable | | 26,878 | 33,539 |
| Financial assets at fair value through profit or loss | | 76,329 | 68,201 |
| Derivative financial assets | 18 | 3,235 | 14,061 |
| Contract assets | | 44,653 | 27,880 |
| Deposits, cash and bank balances | | 1,421,435 | 1,729,194 |
| | | 4,853,179 | 4,686,455 |
| Assets held for sale | | 6,333 | 31,866 |
| | | 4,859,512 | 4,718,321 |
| Total assets | | 17,254,409 | 17,179,501 |
| <u>Equity</u> | | | |
| Share capital | | 7,029,889 | 7,029,889 |
| Treasury shares | | (518) | (518) |
| Reserves | | (2,884,620) | (2,767,668) |
| Equity attributable to owners of the Company | | 4,144,751 | 4,261,703 |
| Non-controlling interests | | 1,838,221 | 1,838,504 |
| Total equity | | 5,982,972 | 6,100,207 |



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QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 March 2021 (continued)

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

| | Note | Unaudited As at 31 March 2021 | Audited As at 31 December 2020 |
|--|------|--|---|
| <u>Non-current liabilities</u> | | | |
| Borrowings | 17 | 747,343 | 773,182 |
| Loans due to ultimate holding company | 17 | 883,175 | 882,866 |
| LLA liability | | 3,926,283 | 3,881,584 |
| Derivative financial liabilities | 18 | 7,519 | 10,163 |
| Provision for asset retirement | | 32,787 | 32,358 |
| Provision for defined benefit plan | | 67,571 | 67,492 |
| Lease liability | | 289,531 | 358,036 |
| Deferred tax liabilities | | 647,968 | 635,501 |
| Payables | | 15,196 | 15,196 |
| | | 6,617,373 | 6,656,378 |
| <u>Current liabilities</u> | | | |
| Payables | | 1,224,320 | 1,049,465 |
| Loans due to ultimate holding company | 17 | 13,704 | 3,322 |
| Amount due to ultimate holding company | | 302,453 | 265,984 |
| Amounts due to associates | | 183 | 494 |
| Amounts due to related companies | | 15,210 | 1,374 |
| Borrowings | 17 | 2,571,478 | 2,633,582 |
| Derivative financial liabilities | 18 | 18,253 | 929 |
| Provision for asset retirement | | 663 | 643 |
| Lease liability | | 49,281 | 27,790 |
| LLA liability | | 340,799 | 332,240 |
| Contract liabilities | | 103,762 | 104,168 |
| Current tax liabilities | | 13,958 | 2,925 |
| | | 4,654,064 | 4,422,916 |
| Liabilities related to assets held for sale | | - | - |
| | | 4,654,064 | 4,422,916 |
| Total liabilities | | 11,271,437 | 11,079,294 |
| Total equity and liabilities | | 17,254,409 | 17,179,501 |
| Net assets per share attributable to owners of the Company | | 1.14 | 1.17 |

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 2020.



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 reserves</u> | <u>Retained earnings</u> | <u>Total</u> | <u>Non-controlling interests</u> | <u>Total equity</u> |
|---|----------------------|------------------------|---------------------------------|--------------------------------|-----------------------|--------------------------|--------------|----------------------------------|---------------------|
| Year to date ended 31 March 2021 | | | | | | | | | |
| At 1 January 2021 | 7,029,889 | (518) | 26,497 | (3,089,497) | 10,624 | 284,708 | 4,261,703 | 1,838,504 | 6,100,207 |
| (Loss)/profit for the financial period | - | - | - | - | - | (35,421) | (35,421) | 21,640 | (13,781) |
| Other comprehensive income/(loss) for the financial period, net of tax: | | | | | | | | | |
| <u>Items that will not be reclassified to profit or loss</u> | | | | | | | | | |
| - actuarial gain on defined benefit plan | - | - | - | - | - | 319 | 319 | - | 319 |
| - fair value changes in financial assets at FVOCI | - | - | - | - | (390) | - | (390) | 14 | (376) |
| <u>Items that will be subsequently reclassified to profit or loss</u> | | | | | | | | | |
| - currency translation differences | - | - | 26,800 | - | - | - | 26,800 | 1,815 | 28,615 |
| - share of other comprehensive loss of joint ventures | - | - | (58) | - | - | - | (58) | - | (58) |
| - cash flow hedge reserves | - | - | - | - | 1,243 | - | 1,243 | 1,194 | 2,437 |
| | - | - | 26,742 | - | 1,243 | - | 27,985 | 3,009 | 30,994 |
| Total other comprehensive income/(loss) for the financial period | - | - | 26,742 | - | 853 | (35,102) | (7,507) | 24,663 | 17,156 |
| <u>Transactions with owners</u> | | | | | | | | | |
| Dividend paid for the financial year ended 31 December 2020 (final) | - | - | - | - | - | (109,445) | (109,445) | - | (109,445) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | (24,946) | (24,946) |
| Total transactions with owners | - | - | - | - | - | (109,445) | (109,445) | (24,946) | (134,391) |
| At 31 March 2021 | 7,029,889* | (518) | 53,239 | (3,089,497) | 11,477 | 140,161 | 4,144,751 | 1,838,221 | 5,982,972 |



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 reserves</u> | <u>Retained earnings</u> | <u>Total</u> | <u>Non-controlling interests</u> | <u>Total equity</u> |
|---|----------------------|------------------------|---------------------------------|--------------------------------|-----------------------|--------------------------|--------------|----------------------------------|---------------------|
| Year to date ended 31 March 2020 | | | | | | | | | |
| At 1 January 2020 | 7,029,889 | (302) | 52,218 | (3,089,497) | (20,682) | 201,575 | 4,173,201 | 1,927,099 | 6,100,300 |
| Loss for the financial period | - | - | - | - | - | (142,349) | (142,349) | (31,520) | (173,869) |
| Other comprehensive (loss)/income for the financial period, net of tax: | | | | | | | | | |
| <u>Items that will not be reclassified to profit or loss</u> | | | | | | | | | |
| - actuarial loss on defined benefit plan | - | - | - | - | - | (1,362) | (1,362) | - | (1,362) |
| - fair value changes in financial assets at FVOCI | - | - | - | - | 3,749 | - | 3,749 | (143) | 3,606 |
| <u>Items that will be subsequently reclassified to profit or loss</u> | | | | | | | | | |
| - currency translation differences | - | - | 30,502 | - | - | - | 30,502 | 994 | 31,496 |
| - share of other comprehensive income of joint ventures | - | - | 1,500 | - | - | - | 1,500 | - | 1,500 |
| - cash flow hedge reserves | - | - | - | - | (2,990) | - | (2,990) | (2,874) | (5,864) |
| | - | - | 32,002 | - | (2,990) | - | 29,012 | (1,880) | 27,132 |
| Total other comprehensive income/(loss) for the financial period | - | - | 32,002 | - | 759 | (143,711) | (110,950) | (33,543) | (144,493) |
| <u>Transactions with owners</u> | | | | | | | | | |
| Treasury shares | - | (4,250) | - | - | - | - | (4,250) | - | (4,250) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | 5,785 | 5,785 |
| Dividend payable to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | (28,280) | (28,280) |
| Total transactions with owners | - | (4,250) | - | - | - | - | (4,250) | (22,495) | (26,745) |
| At 31 March 2020 | 7,029,889* | (4,552) | 84,220 | (3,089,497) | (19,923) | 57,864 | 4,058,001 | 1,871,061 | 5,929,062 |

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

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 2020.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

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

| | Year to date ended | |
|--|---------------------------|-------------|
| | 31 March | |
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the financial period | (13,781) | (173,869) |
| Adjustments for non-cash items | 360,898 | 264,318 |
| Operating profit before working capital changes | 347,117 | 90,449 |
| Changes in working capital | (236,546) | 150,346 |
| Cash generated from operations | 110,571 | 240,795 |
| Interest received | 3,987 | 6,171 |
| Taxation paid, net | (23,055) | (23,537) |
| Zakat paid | 762 | (5,104) |
| Retirement benefits paid | - | (58) |
| Net cash generated from operating activities | 92,265 | 218,267 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (79,645) | (81,288) |
| Purchase of intangible asset | (299) | (5,035) |
| Net cash inflow from acquisition of subsidiaries | - | 182 |
| Proceeds from liquidation of a jointly venture | 1,519 | - |
| Additions of financial assets at FVOCI | (1,112) | - |
| Dividend received from an associate | 540 | 515 |
| Dividend received from joint ventures | 2,986 | - |
| Net cash used in investing activities | (76,011) | (85,626) |



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

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

| | Year to date ended | |
|---|---------------------------|------------------|
| | 31 March | |
| | 2021 | 2020 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 2,139,056 | 875,589 |
| Repayment of borrowings | (2,227,647) | (1,137,343) |
| Repayment of LLA liability | (75,149) | (60,918) |
| Dividend paid to shareholders | (109,445) | - |
| Dividend paid to non-controlling interest | (24,946) | - |
| Finance costs paid | (40,305) | (59,598) |
| Payments of lease liabilities | (2,214) | (15,689) |
| Purchase of treasury stock | - | (4,250) |
| Decrease/(increase) in restricted cash | 4,657 | (6,443) |
| Net cash used in from financing activities | (335,993) | (408,652) |
| Net decrease in cash and cash equivalents | (319,739) | (276,011) |
| Effect of foreign exchange rate changes | 16,637 | 30,448 |
| Cash and cash equivalents at beginning of the financial year | 1,665,457 | 1,568,447 |
| Cash and cash equivalents at end of the financial period | 1,362,355 | 1,322,884 |
| Deposits, cash and bank balances | 1,421,435 | 1,378,684 |
| Less: Restricted cash | (59,080) | (55,618) |
| Less: Assets held for sale | - | (182) |
| Cash and cash equivalents at end of the financial period | 1,362,355 | 1,322,884 |

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 2020.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 **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 2020. 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 2020.

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 2020.

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

Effective for annual periods beginning on 1 June 2020

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

Effective for annual periods beginning on or after 1 January 2021

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

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

Effective for annual periods beginning on or after 1 January 2022

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

Effective annual periods beginning on or after 1 January 2023

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



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (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

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

No dividend has been paid during the quarter ended 31 March 2021.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (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 period ended 31 March 2021 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, processing and sales of biodiesel products, production of consumer bulk and packed products, trading of CPO, research and development activities, fertilisers processing, rubber processing, production and sale of planting materials and security.
- 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.

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

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



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (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:

| Year to date ended 31 March 2021 | Plantation | Sugar | Logistics and Others | Corporate HQ and Elimination | Total |
|---|-------------------|----------------|---------------------------------|---|------------------|
| Total segment revenue | 4,193,469 | 523,694 | 139,997 | 69,388 | 4,926,548 |
| Less : Inter-segment revenue | (1,397,866) | (8,779) | (62,708) | (63,704) | (1,533,057) |
| Revenue from external customers | <u>2,795,603</u> | <u>514,915</u> | <u>77,289</u> | <u>5,684</u> | <u>3,393,491</u> |
| Finance income | 2,472 | 597 | 794 | 124 | 3,987 |
| Finance costs | (15,404) | (10,427) | (628) | (6,180) | (32,639) |
| Depreciation and amortisation | (130,205) | (20,290) | (15,556) | (3,689) | (169,740) |
| Fair value changes in LLA liability | (143,750) | - | - | - | (143,750) |
| (Impairment of)/reversal of impairment of: | | | | | |
| -financial assets | (4,399) | (2195) | (268) | - | (6,862) |
| -non-financials assets | 24 | - | - | - | 24 |
| Share of results of joint ventures | 2,173 | - | - | - | 2,173 |
| Share of results of associates | 160 | - | - | (663) | (503) |
| (Loss)/profit before zakat and taxation for the financial period | <u>(50,783)</u> | <u>50,677</u> | <u>11,747</u> | <u>3,356</u> | <u>14,997</u> |
| Disaggregation of the Group's revenue is as follows: | | | | | |
| Sales of Palm Products Oils | 1,764,336 | - | - | - | 1,764,336 |
| Sales of Sugar | - | 514,915 | - | - | 514,915 |
| Others | 1,031,267 | - | 77,289 | 5,684 | 1,114,240 |
| | <u>2,795,603</u> | <u>514,915</u> | <u>77,289</u> | <u>5,684</u> | <u>3,393,491</u> |



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (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 year is as follows: (continued)

| | Plantation | Sugar | Logistics and Others | Corporate HQ and Elimination | Total |
|---|------------------|-----------------|-------------------------|------------------------------------|------------------|
| Year to date ended 31 March 2020 | | | | | |
| Total segment revenue | 3,228,268 | 590,421 | 132,994 | 94,115 | 4,045,798 |
| Less : Inter-segment revenue | (1,034,838) | (77,384) | (61,408) | (89,080) | (1,262,710) |
| Revenue from external customers | <u>2,193,430</u> | <u>513,037</u> | <u>71,586</u> | <u>5,035</u> | <u>2,783,088</u> |
| Finance income | 5,259 | 604 | 1,257 | (949) | 6,171 |
| Finance costs | (26,337) | (13,676) | (1,323) | (6,823) | (48,159) |
| Depreciation and amortisation | (143,990) | (21,405) | (27,919) | (3,165) | (196,479) |
| Fair value changes in LLA liability | (57,301) | - | - | - | (57,301) |
| (Impairment of)/reversal of impairment of: | | | | | |
| -financial assets | (34) | (1,132) | 14,373 | - | 13,207 |
| -non-financials assets | - | 239 | (7,300) | - | (7,061) |
| Share of results of joint ventures | (7,485) | - | - | - | (7,485) |
| Share of results of associates | <u>145</u> | <u>-</u> | <u>-</u> | <u>(105)</u> | <u>40</u> |
| (Loss)/profit before zakat and taxation for the financial period | <u>(147,273)</u> | <u>(27,894)</u> | <u>9,734</u> | <u>2,379</u> | <u>(163,054)</u> |
| Disaggregation of the Group's revenue is as follows: | | | | | |
| Sales of Palm Products Oils | 1,383,677 | - | - | - | 1,383,677 |
| Sales of Sugar | - | 513,037 | - | - | 513,037 |
| Others | 809,753 | - | 71,586 | 5,035 | 886,374 |
| | <u>2,193,430</u> | <u>513,037</u> | <u>71,586</u> | <u>5,035</u> | <u>2,783,088</u> |



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

| | As at 31 March 2021 | As at 31 December 2020 |
|--|------------------------------------|---------------------------------------|
| Capital expenditure approved and contracted for: | | |
| - Property, plant and equipment | 39,537 | 201,853 |
| - Intangible asset | 89 | - |
| | <u>39,626</u> | <u>201,853</u> |

9. Significant Related Party Transactions

Federal Land Development Authority (“FELDA”), the Group’s ultimate holding company, 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.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 31 March 2021 and 31 March 2020 are as follows:

(a) Sales of goods and services

| | Year to date ended | |
|--|---------------------------|-------------|
| | 31 March | |
| | 2021 | 2020 |
| (i) Transactions with joint ventures | | |
| Sales of CPO by FGV Trading Sdn. Bhd. (“FGVT”) to FGV Iffco Sdn. Bhd. Group (“FISB Group”) | 106,560 | 142,084 |
| 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”) | 31,715 | 212,037 |
| Sales of CPO by FGVT and FPI to MAPAK Edible Oil Pvt. Ltd. (“MAPAK”) | 100,002 | 28,195 |
| (ii) Transactions with FELDA and its subsidiaries | | |
| Sales of fertiliser by FGV Fertiliser Sdn. Bhd. (“FGVFSB”) | 59,881 | 40,548 |



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 31 March 2021 and 31 March 2020 are as follows: (continued)

(b) Purchase of goods and services

| | Year to date ended | |
|--|---------------------------|---------|
| | 31 March | |
| | 2021 | 2020 |
| Transactions with FELDA and its subsidiaries: | | |
| LLA liability paid/payable by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM") | 75,149 | 60,918 |
| Interest expense charged by FELDA | 10,544 | 10,662 |
| Compensation received by FGVPM | 15,343 | - |
| Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB") | 36,421 | 33,190 |
| Purchase of FFB by FGVT | 902,012 | 558,958 |

(c) Transactions with Government related entities

| | Year to date ended | |
|--|---------------------------|--------|
| | 31 March | |
| | 2021 | 2020 |
| Transactions between subsidiaries and other government agencies: | | |
| Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB") | 31,864 | 11,246 |



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGV

There were no changes in the composition of the Group for the current financial period under review.

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

Solicitors have advised that DOP will not be able to enforce a Malaysian Judgment in China as China is not listed as reciprocal part under Malaysian Reciprocal Enforcement of Judgment Act 1958 (“REJA”). As of Quarter 3 2020, DOP has agreed not to proceed with enforcement of judgement in China.

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



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

| | Year to date ended | | % |
|---|---------------------------|------------------|----------------|
| | 31 March | | |
| | 2021 | 2020 | + / (-) |
| Revenue | <u>3,393,491</u> | <u>2,783,088</u> | 21.9 |
| Plantation | (50,783) | (147,273) | 65.5 |
| Sugar | 50,677 | (27,894) | >100 |
| Logistics and Others | <u>11,747</u> | <u>9,734</u> | 20.7 |
| Sector results | 11,641 | (165,433) | >100 |
| Corporate HQ and elimination | <u>3,356</u> | <u>2,379</u> | 41.1 |
| Profit/(loss) before zakat and taxation | 14,997 | (163,054) | >100 |
| Zakat | 762 | (5,104) | >100 |
| Taxation | <u>(29,540)</u> | <u>(5,711)</u> | <100 |
| Loss for the financial period | <u>(13,781)</u> | <u>(173,869)</u> | 92.1 |
| Loss attributable to: | | | |
| Owners of the Company | (35,421) | (142,349) | 75.1 |
| Non-controlling interests | <u>21,640</u> | <u>(31,520)</u> | >100 |
| Loss for the financial period | <u>(13,781)</u> | <u>(173,869)</u> | 92.1 |

Overall

The revenue of the Group increased by 21.9% to RM3.39 billion compared to previous corresponding financial period while the Group reported a profit before zakat and taxation of RM15.00 million for the financial period under review compared to a loss of RM163.05 million in previous financial period. This was mainly due to improvement in all Sectors and boosted by the higher CPO price.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance (continued)

(a) Plantation Sector

Plantation Sector registered a lower loss of RM50.78 million for the financial period ended 31 March 2021 compared to RM147.27 million loss recorded in previous financial corresponding period.

The improvement was largely attributable to higher margin as a result of higher average CPO price realised of RM3,172 per mt against RM2,669 per mt registered in previous financial period despite lower CPO sales volume by 16.3%. In addition, rubber and palm kernel division reported better margin while share of profit from joint ventures improved to RM2.17 million from RM7.49 million loss recorded in previous corresponding period.

FFB production increased by 4.3% from 0.71 million mt to 0.74 million mt, translated into a higher yield of 2.93 mt per hectare compared to 2.81 mt reported in the previous corresponding quarter. OER achieved was lower at 20.05% compared to 20.10% registered in the previous period.

The improvement was partially offset by higher fair value LLA charged of RM143.75 million against RM57.30 million in previous year and fair value loss on derivatives of RM15.14 million compared to RM57.39 million gain in the previous financial period.

(b) Sugar Sector

Sugar Sector registered a profit of RM50.68 million compared to RM27.89 million loss in previous financial period mainly attributable to improved margin achieved due to better capacity utilisation and lower finance costs.

(c) Logistic and Others Sector

Logistic and Others Sector recorded an increase in profit to RM11.75 million from RM9.73 million profit in previous financial year.

Logistic division recorded a 7% increase in profit attributed to the higher handling and transportation rate by 9% and 5% respectively. IT and Others division registered a lower loss by 18% underpinned by the decrease in depreciation in IT business as some of the assets have been fully depreciated. Travel business continued to be negatively impacted by the Movement Control Order (“MCO”) as interstate travel is not allowed and closure of national border.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

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

| | Quarter ended | | % |
|--|--------------------------|-----------------------------|--------|
| | 31 March 2021 | 31 December 2020 | |
| Revenue | <u>3,393,491</u> | <u>4,008,806</u> | (15.3) |
| Plantation | (50,783) | 274,677 | <100 |
| Sugar | 50,677 | 76,197 | (33.5) |
| Logistic and Others | <u>11,747</u> | <u>13,079</u> | (10.2) |
| Sector results | 11,641 | 363,953 | (96.8) |
| Corporate HQ and elimination | <u>3,356</u> | <u>(45,327)</u> | >100 |
| Profit before zakat and taxation | 14,997 | 318,626 | (95.3) |
| Zakat | 762 | (10,900) | >100 |
| Taxation | <u>(29,540)</u> | <u>(124,245)</u> | 76.2 |
| (Loss)/profit for the financial period | <u>(13,781)</u> | <u>183,481</u> | <100 |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | (35,421) | 131,063 | <100 |
| Non-controlling interests | <u>21,640</u> | <u>52,418</u> | (58.7) |
| Profit for the financial period | <u>(13,781)</u> | <u>183,481</u> | <100 |

Overall

Revenue for the Group dropped by 15.3% to RM3.39 billion from RM4.01 billion registered in the preceding quarter.

The Group reported lower profit before zakat and taxation of RM15.00 million compared to RM318.63 million profit in preceding quarter mainly attributed to lower contribution from all Sectors.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)

Amounts in RM thousand unless otherwise stated

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

(a) Plantation Sector

Plantation Sector reported a loss of RM50.78 million compared to RM274.68 million profit in preceding quarter mainly attributed to lower FFB production by 28.7% to 0.74 million mt in current quarter. Lower yield was achieved at 2.93 mt per hectare compared to 4.12 mt per hectare in preceding quarter while OER decreased to 20.05%% in current quarter compared to 20.79% registered in preceding quarter.

The lower result was partially cushioned by higher average CPO price realised of RM3,172 per mt compared to RM3,059 per mt in preceding quarter and better margin in kernel products.

Including in preceding quarter was fair value gain on LLA of RM98.46 million (current quarter: fair value charge of RM143.75 million) and gain on disposal of a subsidiary amounting to RM31.5 million. The gain was partially offsetted with the impairment recognition in Asian Plantation Limited Group of RM137.43 million and rubber plantation assets of RM40.76 million in preceding quarter.

(b) Sugar Sector

Sugar Sector reported a lower profit of RM50.68 million compared to RM76.20 million in preceding quarter mainly due to lower margin achieved coupled with lower sales volume and higher finance cost in current quarter.

(c) Logistics and Others Sector

Logistic and Others Sector recorded a lower profit of RM11.75 million compared to RM13.08 million in preceding quarter. Logistic division reported a decrease in profit by 27% mainly attributed to lower throughput and tonnage carried in tandem with lower FFB production but partially offsetted by lower loss recognised in IT division compared to preceding quarter resulted from the recognition of revenue from ongoing projects and lower depreciation charge.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (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 profit/(loss) after LLA

| | Year to date ended | |
|--|---------------------------|----------------|
| | 31 March | |
| | 2021 | 2020 |
| Included in operating profit/(loss) after LLA are: | | |
| Depreciation of property, plant and equipment | 148,993 | 177,027 |
| Depreciation of right-of-use assets | 14,217 | 9,733 |
| Depreciation of investment properties | 3,065 | 3,075 |
| Property, plant and equipment written off | 40 | 2,722 |
| Amortisation of intangible assets | 3,465 | 6,644 |
| (Reversal)/impairment loss on property, plant and equipment - net | (24) | 7,061 |
| Net unrealised foreign exchange gain | <u>(8,738)</u> | <u>(6,648)</u> |

16. Taxation

| | Year to date Ended | |
|-----------------------------|---------------------------|----------------|
| | 31 March | |
| | 2021 | 2020 |
| Malaysian income tax | | |
| Current financial period | (40,749) | (24,222) |
| Foreign income tax | | |
| Current financial period | (1,688) | 1,516 |
| Deferred tax | <u>12,897</u> | <u>16,995</u> |
| | <u>(29,540)</u> | <u>(5,711)</u> |

The effective tax rate for the financial period ended 31 March 2021 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.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

17. Borrowings

| | As at 31 March 2021 | | | | | |
|---|---------------------|---------------|------------------|---------------|------------------|---------------|
| | Long term | | Short term | | Total borrowings | |
| | Foreign currency | RM Equivalent | Foreign currency | RM Equivalent | Foreign currency | RM Equivalent |
| Secured | | | | | | |
| Islamic term loans | - | 734,042 | - | 117,510 | - | 851,552 |
| Short term trade financing | | | | | | |
| - United States Dollar | - | - | 6,210 | 25,749 | 6,210 | 25,749 |
| - Thai Baht | - | - | 55,000 | 7,285 | 55,000 | 7,285 |
| Unsecured | | | | | | |
| Loan due to to ultimate holding company | - | 883,175 | - | 13,704 | - | 896,879 |
| Islamic short term trade financing | | | | | | |
| - Ringgit Malaysia | - | 13,301 | - | 2,110,233 | - | 2,123,534 |
| - United States Dollar | - | - | 21,474 | 89,031 | 21,474 | 89,031 |
| Short term trade financing | - | - | - | 221,670 | - | 221,670 |
| Total borrowings | | 1,630,518 | | 2,585,182 | | 4,215,700 |

Exchanges rates applied as at 31 March 2021

| | |
|----------------------|---------|
| United States Dollar | 4.1460 |
| Thai Baht | 13.2460 |

As at 31 March 2021, 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 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

18. Derivative Financial Instruments

FGV 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 March 2021 are as follows:

| | Contractual/ Notional Amount | Fair Value | |
|---------------------------|------------------------------------|------------|-------------|
| | | Assets | Liabilities |
| <u>Non-current</u> | | | |
| Islamic profit rate swap | 270,833 | - | 7,519 |
| <u>Current</u> | | | |
| Foreign currency forwards | 720,194 | 3,235 | 8,108 |
| Palm oil futures | 25,378 | - | 10,145 |
| | 745,572 | 3,235 | 18,253 |
| | 1,016,405 | 3,235 | 25,772 |

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 2020. 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 March 2021.

| <u>31 March 2021</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 | - | 3,235 | - | 3,235 |
| - Trading securities | 76,329 | - | - | 76,329 |
| | 76,329 | 3,235 | - | 79,564 |
| Financial assets at FVOCI | 3,403 | - | 141,797 | 145,200 |
| Total assets | 79,732 | 3,235 | 141,797 | 224,764 |
| <u>Liabilities</u> | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| - LLA liability | - | - | 4,267,082 | 4,267,082 |
| - Derivatives | 17,663 | 8,109 | - | 25,772 |
| Total liabilities | 17,663 | 8,109 | 4,267,082 | 4,292,854 |



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

19. Fair Value Changes of Financial Instruments (continued)

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 non trading equity unit trusts and commodity derivatives quoted on Bursa Malaysia Derivatives Berhad for palm oil and other foreign commodity exchanges.

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 FVOCI.

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

| | Financial year ended <u>31 March 2021</u> | Financial year ended <u>31 December 2020</u> |
|--|---|--|
| <u>LLA liability</u> | | |
| 1 January | 4,213,824 | 4,316,146 |
| Fair value changes charged to profit or loss (Repayment)/offsetting during the financial period/year: | 143,750 | 158,490 |
| - Fixed lease payments | (76,234) | (243,612) |
| - Share of profits | (29,601) | (17,200) |
| - Compensation on reclamation of LLA | 15,343 | - |
| 31 March/31 December | <u>4,267,082</u> | <u>4,213,824</u> |
| <u>Financial assets at FVOCI</u> | | |
| 1 January | 140,685 | 103,686 |
| Addition | 1,112 | 3,521 |
| Disposal | - | (14,007) |
| Fair value changes | - | 47,588 |
| Currency translation differences | - | (103) |
| 31 March/December | <u>141,797</u> | <u>140,685</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.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued)
Amounts in RM thousand unless otherwise stated

20. Earnings Per Share

| | Year to date ended 31 March | |
|--|--|------------------|
| | 2021 | 2020 |
| Basic earnings per share are computed as follows: | | |
| Loss for the financial period attributable to owners of the Company (RM'000) | <u>(35,421)</u> | <u>(142,349)</u> |
| Weighted average number of ordinary shares in issue (thousands) | 3,648,152 | 3,648,152 |
| Basic loss per share (sen) | <u>(0.97)</u> | <u>(3.9)</u> |

21. Status of Corporate Proposals

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

22. Significant Events

- (i) On 12 January 2021, the unconditional mandatory take-over offer by the Federal Land Development Authority ("FELDA or Offeror") to acquire the offer share for a cash consideration of RM1.30 per offer share has been despatched.
- (ii) On 22 January 2021, Independent Advice Circular ("IAC") on the unconditional mandatory take-over by the Offeror has been despatched to shareholder. FGV's non-interested directors, namely Dato' Yusli Mohamed Yusoff, Datuk Mohd Anwar Yahya, Datin Hoi Lai Ping, Dr. Mohamed Nazeeb P. Alithambi and Dr. Nesadurai Kalanithi, does not concur with IA's recommendation and recommends that the shareholders reject the offer.

IA is of the opinion that the offer is not fair but reasonable based on its assessment of the offer and recommends to accept the offer. RHB Investment Bank's assessment of the fairness and propriety of the Offer is stated in the IAC.
- (iii) On 2 February 2021, the Offeror notified the shareholders that the closing date for the acceptance of the Offer has been extended from 2 February 2021 to 16 February 2021.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued) Amounts in RM thousand unless otherwise stated

22. Significant Events (continued)

- (iv) On 5 February 2021, the Board of Directors announced that the public shareholding spread of FGV is at 23.93% of the total issued FGV shares (excluding treasury shares) based on the Record of Depositors as at 4 February 2021. Accordingly, FGV does not comply with the minimum public shareholding spread requirement of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements.

Under Section 4.1 of the Offer Document, the Offeror has stated that it does not intend to maintain the listing status of FGV on the Main Market of Bursa Securities. In the event the Offeror receives valid acceptances resulting in the Offeror and its associates holding in aggregate 90% or more of the FGV Shares (excluding treasury shares) an immediate announcement will be made by FGV. Bursa Securities will suspend the trading in FGV Shares immediately upon expiry of five market days from the closing date of the Offer. Thereafter, the Offeror will submit a request to FGV to take the necessary procedures to withdraw its listing status from the Official List in accordance with Chapter 16 of the Listing Requirements.

- (v) On 16 February 2021, the Offeror notified the shareholders that the closing date for the acceptance of the Offer has been further extended from 16 February 2021 to 2 March 2021.
- (vi) On 25 February 2021, the Offeror informed that the closing date for the acceptance of the Offer has been further extended from 2 March 2021 to 15 March 2021.
- (vii) On 16 March 2021, following the final closing date of the offer on 15 March 2021, the Board of Director of the Company announced that the Offeror has received valid acceptances in respect of the Offer Shares resulting in the Offeror and its PACs holding 2,954,688,691 of the Company shares, presenting 80.99% of the total issued shares of the Company. Accordingly, the public shareholding spread of the Company as at 15 March 2021 is 14.01%. As such, the Company continues to be deemed not in compliance with the public shareholding spread requirement in accordance with Paragraph 8.02(1) of the Listing Requirements.

In view of the above, the Company had on 16 March 2021 submitted an application to Bursa Securities for an extension of time in accordance with Paragraph 8.02(4) of the Listing Requirements to rectify the shortfall and to allow sufficient time for the Offeror to formulate a firm plan on the Company's listing status.

- (viii) On 19 March 2021, Datuk Wira Azhar Abdul Hamid has tendered his resignation as a Chairman of the Company effective 1 April 2021.
- (ix) On 24 March 2021, the Board of Directors of the Company announced that Bursa Securities, had vide its letter dated 23 March 2021, granted the Company an extension of time of six months until 3 August 2021 to comply with the Public Spread Requirement.

As at 19 March 2021, the Company's public shareholding spread was 13.99%. The shortfall in the public shareholding spread of the Company arose as a direct consequence of the unconditional mandatory takeover offer by FELDA which had closed on 15 March 2021.

The Company will use the extension of time granted by Bursa Securities to formulate a rectification plan to address the shortfall in its public shareholding spread and to allow sufficient time for FELDA to formulate a firm plan on FGV's listing status.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2021 (continued) Amounts in RM thousand unless otherwise stated

23. Material events after reporting period

- (i) On 5 April 2021, Dato' Haris Fadzilah Hassan has tendered his resignation as Group Chief Executive Officer ("GCEO") of the Company effective 15 May 2021. The Board will look for a suitable candidate to take over the position of the GCEO and an announcement will be made once the candidate has been identified.
- (ii) On 11 May 2021, following the resignation of GCEO, the Board of Directors informed that Encik Azman Ahmad was appointed as the Officer-In-Charge to cover the duties and responsibilities of the GCEO effective 16 May 2021 until a new GCEO is appointed, or until such time as to be determined by the Board. Encik Azman shall continue his current role as the Group Divisional Director of Logistics & Support Businesses ("LSB") Sector which he is holding since 1 January 2017.
- (iii) On 20 May 2021, the Board of Directors announced that its subsidiary, FGV Prodata System Sdn. Bhd. ("Prodata" or "the 1st Defendant") had on 18 May 2021 been served with a sealed Writ of Summons dated 12 May 2021 ("the Writ") by VDSL Technology Sdn. Bhd. ("the Plaintiff").

The Plaintiff claimed for compensation and damages amounting RM170,707,600 due to the 1st and FELDA or 2nd Defendant's alleged breaches on various arrangements agreed upon by the parties with regard to the Felda Broadband Initiative Project.

The Court has fixed for the first case management on 11 June 2021, by way of e-review. FGV and Prodata are seeking legal advice to act against the Writ.

24. Prospects

The Group expects CPO price to remain high but the Plantation Sector operating environment will remain challenging due to COVID-19 pandemic and the tight labour situation.

Our Sugar business remains optimistic on its turnaround plan and the ability to achieve sustainable growth with additional focus on export. Domestic sugar consumption is expected to remain stable due to Movement Control Order.

Logistic business will continue with strategies to improve sales volume, margins and operational efficiencies.

By Order of the Board

Koo Shuang Yen
Company Secretary

28 May 2021