



**FGV HOLDINGS BERHAD**

200701042133 (800165-P)

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Year Ended 31 December 2021**



**FGV HOLDINGS BERHAD**

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter ended 31 December 2021**

Note	Quarter ended 31 December			Year to date ended 31 December		
	2021 RM'000	2020 RM'000	% + / (-)	2021 RM'000	2020 RM'000	% + / (-)
<b>Revenue</b>	6,184,282	4,008,806	<b>54.3%</b>	19,575,323	14,075,712	<b>39.1%</b>
Cost of sales	(5,199,657)	(3,468,111)		(16,865,216)	(12,501,668)	
<b>Gross profit</b>	<b>984,625</b>	<b>540,695</b>	<b>82.1%</b>	<b>2,710,107</b>	<b>1,574,044</b>	<b>72.2%</b>
Other operating income	21,786	68,551		98,323	132,499	
Selling and distribution costs	(64,716)	(20,308)		(203,935)	(114,671)	
Administrative expenses	(228,568)	(172,968)		(792,722)	(774,343)	
(Reversal of impairment)/impairment loss of financial assets (net)	1,777	(6,107)		(5,815)	7,793	
Other operating expenses	(69,906)	(140,150)		(98,515)	(264,771)	
Commodity (losses)/gains - net	(12,242)	(47,825)		84,960	42,456	
<b>Operating profit</b>	<b>632,756</b>	<b>221,888</b>	<b>&gt;100%</b>	<b>1,792,403</b>	<b>603,007</b>	<b>&gt;100%</b>
Fair value changes in Land Lease Agreement ("LLA") liability	66,455	98,460		(3,984)	(158,490)	
<b>Operating profit after LLA</b>	<b>699,211</b>	<b>320,348</b>	<b>&gt;100%</b>	<b>1,788,419</b>	<b>444,517</b>	<b>&gt;100%</b>
Finance income	9,170	22,535		22,517	39,612	
Finance costs	(23,863)	(35,461)		(136,365)	(161,872)	
Share of results from associates	2,573	476		3,551	366	
Share of results from joint ventures	2,440	10,728		35,858	23,441	
<b>Profit before zakat and taxation</b>	<b>689,531</b>	<b>318,626</b>	<b>&gt;100%</b>	<b>1,713,980</b>	<b>346,064</b>	<b>&gt;100%</b>
Zakat	(14,985)	(10,900)		(17,406)	(16,300)	
Taxation	(250,719)	(124,245)		(520,996)	(195,571)	
<b>Profit for the financial period/year</b>	<b>423,827</b>	<b>183,481</b>	<b>&gt;100%</b>	<b>1,175,578</b>	<b>134,193</b>	<b>&gt;100%</b>
<b>Profit attributable to:</b>						
- Owners of the Company	465,085	131,063	<b>&gt;100%</b>	1,167,874	146,156	<b>&gt;100%</b>
- Non-controlling interests	(41,258)	52,418		7,704	(11,963)	
	<b>423,827</b>	<b>183,481</b>	<b>&gt;100%</b>	<b>1,175,578</b>	<b>134,193</b>	<b>&gt;100%</b>
<b>Other comprehensive income/(loss)</b>						
Actuarial gains/(loss) on defined benefit plan	19,403	(3,263)		19,722	(4,333)	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	57,050	35,444		52,713	47,406	
Realisation of foreign exchange reserve upon disposal of assets held for sale	-	(4,342)		-	(4,342)	
Share of other comprehensive income of an associate	531	3		531	3	
Share of other comprehensive loss of joint ventures	(44)	(1,946)		(597)	(4,865)	
Currency translation differences	1,004	(25,341)		24,570	(19,072)	
Cash flow hedges	1,494	1,506		5,543	(4,241)	
Other comprehensive income for the financial period/year, net of tax	79,438	2,061		102,482	10,556	
<b>Total comprehensive income for the financial period/year</b>	<b>503,265</b>	<b>185,542</b>	<b>&gt;100%</b>	<b>1,278,060</b>	<b>144,749</b>	<b>&gt;100%</b>
<b>Total comprehensive income attributable to:</b>						
- Owners of the Company	542,401	135,317	<b>&gt;100%</b>	1,269,363	161,681	<b>&gt;100%</b>
- Non-controlling interests	(39,136)	50,225		8,697	(16,932)	
<b>Total comprehensive income for the financial period/year</b>	<b>503,265</b>	<b>185,542</b>	<b>&gt;100%</b>	<b>1,278,060</b>	<b>144,749</b>	<b>&gt;100%</b>
Earnings per share for profit attributable to the Owners of the Company:						
<b>Basic (sen)</b>	<b>20</b>	<b>12.75</b>	<b>3.59</b>	<b>32.01</b>	<b>4.01</b>	

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**

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2021

	Note	<b>Unaudited As at 31 December 2021 RM'000</b>	<b>Audited As at 31 December 2020 RM'000</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment		7,676,620	7,810,463
Right-of-use assets		2,196,084	2,299,579
Investment properties		81,531	93,789
Intangible assets		948,382	958,289
Interests in associates		65,074	38,058
Interests in joint ventures		454,714	441,546
Amount due from ultimate holding company		27,136	12,455
Amount due from related company		9,107	-
Deposit and other receivables		140,406	136,078
Deferred tax assets		290,700	526,672
Financial assets through other comprehensive income	19	201,569	144,251
		<b>12,091,323</b>	<b>12,461,180</b>
<b><u>Current assets</u></b>			
Inventories		1,914,403	1,192,616
Receivables		1,491,881	1,410,955
Biological assets		113,791	57,001
Amount due from ultimate holding company		26,440	62,440
Amounts due from joint ventures		74,748	26,908
Amounts due from related companies		60,390	63,660
Tax recoverable		12,762	33,539
Financial assets at fair value through profit or loss	19	81,086	68,201
Derivative financial assets	18	3,539	14,061
Contract assets		42,151	27,880
Deposits, cash and bank balances		2,029,715	1,729,194
		5,850,906	4,686,455
Assets held for sale		24,241	31,866
		<b>5,875,147</b>	<b>4,718,321</b>
<b>Total assets</b>		<b><u>17,966,470</u></b>	<b><u>17,179,501</u></b>
<b><u>Equity</u></b>			
Share capital		7,029,889	7,029,889
Treasury shares		(518)	(518)
Reserves		(1,608,770)	(2,767,668)
<b>Equity attributable to owners of the Company</b>		<b>5,420,601</b>	<b>4,261,703</b>
Non-controlling interests		1,765,917	1,838,504
<b>Total equity</b>		<b>7,186,518</b>	<b>6,100,207</b>



**FGV HOLDINGS BERHAD**

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2021 (continued)**

	Note	Unaudited As at 31 December 2021 RM'000	Audited As at 31 December 2020 RM'000
<b><u>Non-current liabilities</u></b>			
Borrowings	17	1,045,872	773,182
Loans due to ultimate holding company	17	632,151	882,866
LLA liability		3,489,687	3,881,584
Derivative financial liabilities	18	3,571	10,163
Provision for asset retirement		41,454	32,358
Provision for defined benefit plan		51,136	67,492
Lease liability		274,586	358,036
Deferred tax liabilities		571,309	635,501
Payables		10,189	15,196
		<b>6,119,955</b>	<b>6,656,378</b>
<b><u>Current liabilities</u></b>			
Payables		1,434,784	1,049,465
Loans due to ultimate holding company	17	2,514	3,322
Amount due to ultimate holding company		276,082	265,984
Amounts due to associates		351	494
Amounts due to related companies		15,970	1,374
Borrowings	17	2,317,625	2,633,582
Derivative financial liabilities	18	3,749	929
Provision for asset retirement		666	643
Lease liability		49,679	27,790
LLA liability		315,103	332,240
Contract liabilities		124,236	104,168
Current tax liabilities		119,238	2,925
		<b>4,659,997</b>	<b>4,422,916</b>
Total liabilities		<b>10,779,952</b>	<b>11,079,294</b>
<b>Total equity and liabilities</b>		<b>17,966,470</b>	<b>17,179,501</b>
Net assets per share attributable to owners of the Company		<b>1.49</b>	<b>1.17</b>

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**

**Unaudited Condensed Consolidated Statement of Changes in Equity**

	Share capital RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Re-organisation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Year to date ended 31 December 2021</b>									
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
Profit for the financial year	-	-	-	-	-	1,167,874	1,167,874	7,704	1,175,578
Other comprehensive income/(loss) for the financial year, net of tax:									
<u>Items that will not be reclassified to profit or loss</u>									
- actuarial gain on defined benefit plan	-	-	-	-	-	17,352	17,352	2,370	19,722
- fair value changes in financial assets at FVOCI	-	-	-	-	53,025	-	53,025	(312)	52,713
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	28,351	-	-	-	28,351	(3,781)	24,570
- share of other comprehensive loss of joint ventures	-	-	(597)	-	-	-	(597)	-	(597)
- share of other comprehensive income of an associate	-	-	531	-	-	-	531	-	531
- cash flow hedge reserves	-	-	-	-	2,827	-	2,827	2,716	5,543
	-	-	28,285	-	2,827	-	31,112	(1,065)	30,047
<b>Total other comprehensive income for the financial year</b>	-	-	<b>28,285</b>	-	<b>55,852</b>	<b>1,153,226</b>	<b>1,269,363</b>	<b>8,697</b>	<b>1,278,060</b>
<u>Transactions with owners</u>									
Accretion of interest in a subsidiary	-	-	-	-	-	(1,020)	(1,020)	1,814	794
Liquidation of a subsidiaries	-	-	-	-	-	-	-	(1,687)	(1,687)
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	-	-	-	-	-	-	-	(81,411)	(81,411)
Total transactions with owners	-	-	-	-	-	(110,465)	(110,465)	(81,284)	(191,749)
<b>At 31 December 2021</b>	<b>7,029,889</b>	<b>(518)</b>	<b>54,782</b>	<b>(3,089,497)</b>	<b>66,476</b>	<b>1,359,469</b>	<b>5,420,601</b>	<b>1,765,917</b>	<b>7,186,518</b>



**FGV HOLDINGS BERHAD**

**Unaudited Condensed Consolidated Statement of Changes in Equity (continued)**

	Share capital RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Re-organisation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
<b>Year to date ended 31 December 2020</b>									
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
Profit/(loss) for the financial year	-	-	-	-	-	146,156	146,156	(11,963)	134,193
Other comprehensive (loss)/income for the financial year, net of tax:									
<u>Items that will not be reclassified to profit or loss</u> profit or loss									
- actuarial loss on defined benefit plan	-	-	-	-	-	(4,067)	(4,067)	(266)	(4,333)
- fair value changes in financial assets at FVOCI	-	-	-	-	47,476	-	47,476	(70)	47,406
- realisation of other comprehensive income reserves upon disposal of a FVOCI investment	-	-	-	-	(14,007)	14,007	-	-	-
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	(16,517)	-	-	-	(16,517)	(2,555)	(19,072)
- realisation of foreign exchange reserve upon disposal of assets held for sale	-	-	(4,342)	-	-	-	(4,342)	-	(4,342)
- share of other comprehensive loss of joint ventures joint ventures	-	-	(4,865)	-	-	-	(4,865)	-	(4,865)
- share of other comprehensive income of an associate	-	-	3	-	-	-	3	-	3
- cash flow hedge reserves	-	-	-	-	(2,163)	-	(2,163)	(2,078)	(4,241)
<b>Total other comprehensive income/(loss) for the financial year</b>	-	-	(25,721)	-	(2,163)	-	(27,884)	(4,633)	(32,517)
<u>Transactions with owners</u>									
Treasury shares	-	(2,620)	-	-	-	-	(2,620)	-	(2,620)
Employee share grant	-	-	-	-	2,404	-	2,404	-	2,404
Transfer to LTIP reserve	-	2,404	-	-	(2,404)	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	2,676	2,676
Accretion of interest in subsidiaries	-	-	-	-	-	-	-	1,076	1,076
Disposal of a subsidiary	-	-	-	-	-	-	-	16,446	16,446
Dividend paid for the financial year ended 31 December 2019 (final)	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividend payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(91,861)	(91,861)
<b>Total transactions with owners</b>	-	(216)	-	-	-	(72,963)	(73,179)	(71,663)	(144,842)
<b>At 31 December 2020</b>	<b>7,029,889*</b>	<b>(518)</b>	<b>26,497</b>	<b>(3,089,497)</b>	<b>10,624</b>	<b>284,708</b>	<b>4,261,703</b>	<b>1,838,504</b>	<b>6,100,207</b>

\* 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**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	Year to date ended 31 December	
	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the financial year</b>	1,175,578	134,193
Adjustments for non-cash items	1,324,152	1,446,109
<b>Operating profit before working capital changes</b>	<b>2,499,730</b>	<b>1,580,302</b>
Changes in working capital	(375,995)	267,968
<b>Cash generated from operations</b>	<b>2,123,735</b>	<b>1,848,270</b>
Interest received	22,517	39,612
Taxation paid, net	(198,250)	(113,540)
Zakat paid	(17,406)	(16,300)
Retirement benefits paid	(1,512)	(2,363)
<b>Net cash generated from operating activities</b>	<b>1,929,084</b>	<b>1,755,679</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(508,853)	(435,536)
Purchase of intangible asset	(8,552)	(3,337)
Net cash inflow from acquisition of subsidiaries	-	207
Cash inflow from additional investment in a subsidiary	794	-
Proceeds from disposal of a jointly venture	1,519	-
Proceeds from disposal of property, plant and equipment	1,154	4,830
Proceeds from disposal of assets held for sale	-	54,522
Proceeds from disposal of financial assets at FVOCI	-	14,007
Proceeds from disposal of financial assets at fair value through profit or loss (net)	4,173	-
Additions of financial assets at FVOCI	(3,541)	(3,521)
Additions of financial assets at fair value through profit or loss (net)	-	(13,278)
Additional investment in subsidiaries	-	(1,076)
Additional investment in a joint venture	-	(1,274)
Payment for asset retirement	-	(52)
Dividend received from an associate	2,600	3,437
Dividend received from joint ventures	17,986	16,401
Dividend received from financial assets at FVOCI	142	2,814
<b>Net cash used in investing activities</b>	<b>(492,578)</b>	<b>(361,856)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	7,921,075	8,959,653
Repayment of borrowings	(7,974,543)	(9,586,469)
Repayment of LLA liability	(413,018)	(260,812)
Dividend paid to shareholders	(109,445)	(72,963)
Dividend paid to non-controlling interest	(81,411)	(91,861)
Finance costs paid	(168,866)	(175,980)
Repayment of loan due to a significant shareholder	(292,280)	(310)
Payments of lease liabilities	(31,339)	(43,676)
Purchase of treasury stock	-	(2,620)
Increase in restricted cash	(738)	(14,562)
<b>Net cash used in from financing activities</b>	<b>(1,150,565)</b>	<b>(1,289,600)</b>
<b>Net increase in cash and cash equivalents</b>	<b>285,941</b>	<b>104,223</b>
Effect of foreign exchange rate changes	13,842	(7,100)
Cash and cash equivalents at beginning of the financial year	1,665,457	1,568,447
Increase in assets held for sale	-	(113)
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,965,240</b>	<b>1,665,457</b>
Deposits, cash and bank balances	2,029,715	1,729,194
Less: Restricted cash	(64,475)	(63,737)
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,965,240</b>	<b>1,665,457</b>

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

### Explanatory Notes on the Quarterly Report – 31 December 2021

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 do not 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
- Amendments to MFRS 112 'Deferred tax relating to assets and liabilities arising from a single transaction'

#### 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.



## FGV HOLDINGS BERHAD

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

#### 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 per 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

Other than the first issuance on 31 December 2021 of Sukuk Murabahah of RM500 million in nominal value pursuant to the Sukuk Murabahah Programme as per Note 22(iii), 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 December 2021.

The Board of Directors has agreed to declare a final dividend payment of 8.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM291.85 million for the financial year ended 31 December 2021.





**FGV HOLDINGS BERHAD**

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

**7. Segment Information (continued)**

The segment information provided to the Group's Chief Operating Decision Maker which is defined as Group Management Committee for the reportable segments of FGV for the financial year is as follows: (continued)

	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
<b>Year to date ended 31 December 2020</b>					
Total segment revenue	17,110,796	2,361,340	590,350	300,317	20,362,803
Less : Inter-segment revenue	(5,537,323)	(176,105)	(287,731)	(285,932)	(6,287,091)
<b>Revenue from external customers</b>	<b>11,573,473</b>	<b>2,185,235</b>	<b>302,619</b>	<b>14,385</b>	<b>14,075,712</b>
Finance income	15,458	17,295	6,257	602	39,612
Finance costs	(84,535)	(48,085)	(4,403)	(24,849)	(161,872)
Depreciation and amortisation	(568,263)	(92,943)	(97,670)	(23,883)	(782,759)
Fair value changes in LLA liability	(158,490)	-	-	-	(158,490)
(Impairment of)/reversal of impairment of:					
- financial assets	(7,075)	(4,095)	18,963	-	7,793
- non-financials assets	(208,757)	(35,801)	(9,100)	11,584	(242,074)
Share of results of joint ventures	17,310	-	-	6,131	23,441
Share of results of associates	1,193	-	-	(827)	366
<b>Profit/(loss) before zakat and taxation for the financial year</b>	<b>401,990</b>	<b>(34,549)</b>	<b>50,488</b>	<b>(71,865)</b>	<b>346,064</b>
<b>Disaggregation of the Group's revenue is as follows:</b>					
Sales of Palm Products Oils	9,435,402	-	-	-	9,435,402
Sales of Sugar	-	2,185,235	-	-	2,185,235
Others	2,138,071	-	302,619	14,385	2,455,075
	<b>11,573,473</b>	<b>2,185,235</b>	<b>302,619</b>	<b>14,385</b>	<b>14,075,712</b>

Timing of  
revenue  
recognition

At a point in time  
At a point in time  
At a point in time/  
over time



**FGV HOLDINGS BERHAD**

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

**8. Capital Commitments**

	<b>As at 31 December 2021 RM'000</b>	<b>As at 31 December 2020 RM'000</b>
Capital expenditure approved and contracted for:		
- Property, plant and equipment	122,461	201,853
	<b>122,461</b>	<b>201,853</b>

**9. Significant Related Party Transactions**

(l) Related party transactions for the financial year ended 31 December 2021 and 31 December 2020 are as follows:

(a) Sales of goods and services

	<b>Year to date ended 31 December</b>	
	2021 RM'000	2020 RM'000
(i) Transactions with joint ventures		
Sales of CPO by FGV Trading Sdn. Bhd. ("FGVT") to FGV Iffco Sdn. Bhd. Group ("FISB Group")	587,372	698,385
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")	264,737	723,625
Sales of CPO by FGVT and FPI to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	215,617	266,384
(ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	233,409	160,135
IT services rendered by FGV Prodata Systems Sdn. Bhd ("Prodata")	37,253	23,295
Security services rendered by FGV Security Services Sdn. Bhd ("FSSSB")	21,705	18,981



**FGV HOLDINGS BERHAD**

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

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

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

(b) Purchase of goods and services

	Year to date ended 31 December	
	2021 RM'000	2020 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid/payable by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	428,361	260,812
Interest expense charged by FELDA	31,357	42,646
Compensation received by FGVPM	15,343	-
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	148,117	136,033
Purchase of FFB by FGVT	5,333,216	3,000,019

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:

Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	202,519	51,778
CESS payment to MPOB	42,240	38,771

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

Save for Note 22(ii), there were no changes in the composition of the Group for the current financial period under review.



## **FGV HOLDINGS BERHAD**

### **Explanatory Notes on the Quarterly Report – 31 December 2021 (continued)**

#### **11. Contingent Liabilities and Material Litigation**

On 18 May 2021, FGV Prodata System Sdn. Bhd. (“Prodata” or “the 1st Defendant”) an indirect subsidiary of the Company, was served with a sealed Writ of Summons dated 12 May 2021 (“the Writ”) by VDSL Technology Sdn. Bhd. (“VDSL” or “the Plaintiff”).

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

On 1 November 2021, VDSL has filed amended statement of claim and case management was held on the same day for the main suit, Prodata’s application for security cost and VDSL’s application for protective order. Pursuant to the hearing on 19 January 2022, the Judge directed the case be fixed for mediation for parties to explore and discuss a possible amicable settlement; while the court proceedings to continue to run its course.

Based on legal opinion, there is a fair chance of Prodata succeeding in resisting the claim from VDSL. The remaining claims are not material to be disclosed in the financial statements and deemed remote by the Directors.



FGV HOLDINGS BERHAD

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

12. Review of Group Performance

	Quarter ended 31 December			Quarter ended 30 September		Year to date ended 31 December		
	2021 RM'000	2020 RM'000	% + / (-)	2021 RM'000	% + / (-)	2021 RM'000	2020 RM'000	% + / (-)
<b>Revenue</b>	<b>6,184,282</b>	<b>4,008,806</b>	<b>54.3</b>	<b>5,315,802</b>	<b>16.3</b>	<b>19,575,323</b>	<b>14,075,712</b>	<b>39.1</b>
Plantation	699,267	274,677	>100	481,191	45.3	1,602,090	401,990	>100
Sugar	(6,233)	76,197	<100	18,182	<100	85,677	(34,549)	<100
Logistics and Others	37,601	13,079	>100	20,866	80.2	90,351	50,488	79.0
<b>Sector results</b>	<b>730,635</b>	<b>363,953</b>	<b>&gt;100</b>	<b>520,239</b>	<b>40.4</b>	<b>1,778,118</b>	<b>417,929</b>	<b>&gt;100</b>
Corporate HQ and elimination	(41,104)	(45,327)		(12,170)		(64,138)	(71,865)	
<b>Profit before zakat and taxation</b>	<b>689,531</b>	<b>318,626</b>	<b>&gt;100</b>	<b>508,069</b>	<b>35.7</b>	<b>1,713,980</b>	<b>346,064</b>	<b>&gt;100</b>
Zakat	(14,985)	(10,900)		(502)		(17,406)	(16,300)	
Taxation	(250,719)	(124,245)		(106,529)		(520,996)	(195,571)	
<b>Profit for the financial period / year</b>	<b>423,827</b>	<b>183,481</b>	<b>&gt;100</b>	<b>401,038</b>	<b>5.7</b>	<b>1,175,578</b>	<b>134,193</b>	<b>&gt;100</b>
Profit attributable to:								
<b>Owners of the Company</b>	<b>465,085</b>	<b>131,063</b>	<b>&gt;100</b>	<b>399,393</b>	<b>16.4</b>	<b>1,167,874</b>	<b>146,156</b>	<b>&gt;100</b>
Non-controlling interests	(41,258)	52,418		1,645		7,704	(11,963)	
<b>Profit for the financial period / year</b>	<b>423,827</b>	<b>183,481</b>	<b>&gt;100</b>	<b>401,038</b>	<b>5.7</b>	<b>1,175,578</b>	<b>134,193</b>	<b>&gt;100</b>



FGV HOLDINGS BERHAD

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

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

**(A) Current Quarter Ended 31 December 2021 against Previous Year's Corresponding Quarter Ended 31 December 2020**

**Overall**

The Group's profit before zakat and taxation surged to RM689.53 million for the current quarter compared to RM318.63 million in the corresponding quarter of the previous year. This was due to significantly improved performance in Plantation Sector mainly driven by higher CPO price and lower impairment loss recognised. Logistics Sector also recorded higher profit while Sugar Sector recorded a loss in current quarter.

**(a) Plantation Sector**

Profit in Plantation Sector jumped to RM699.27 million from RM274.68 million in corresponding quarter of the previous year on the back of higher average CPO price realised of RM4,194 per mt compared to RM3,059 per mt in previous year's corresponding quarter and higher CPO sales volume in current quarter.

The improved performance of the Sector for the current quarter was also due to lower impairment loss recognised of RM68.44 million compared to RM195.26 million posted in corresponding quarter of the previous year, but partially offset with the lower fair value gain on LLA of RM66.46 million compared to RM98.46 million in corresponding quarter of the previous year.

Operationally, FFB production and yield, were both reported marginal increased by 1% to 1.05 million mt and 4.16 mt per hectare respectively in the current quarter while OER improved to 21.05% from 20.79% in corresponding quarter of the previous year.

**(b) Sugar Sector**

Sugar Sector reported a loss of RM6.23 million compared to RM76.20 million profit in corresponding quarter of the previous year. This was mainly attributed to lower gross margin due to higher raw sugar, freight and gas costs incurred in current quarter compared to the same quarter last year despite increase in overall average selling price in current quarter.

**(c) Logistics and Others Sector**

Logistic and Others Sector reported a higher profit in current quarter of RM37.60 million compared to RM13.08 million corresponding quarter of the previous year. Logistic division reported an increase in profit by 28% compared to corresponding quarter of the previous year attributed to higher handling rate in current quarter while Others Sector registered a profit due to net reversal of impairment of RM6.12 million recognised in current quarter.



**FGV HOLDINGS BERHAD**

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

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

**(B) Current Financial Year Ended 31 December 2021 against the Previous Financial Year Ended 31 December 2020**

**Overall**

The revenue of the Group increased by 39% to RM19.58 billion compared to previous corresponding financial year while the profit before zakat and taxation of the Group surged to RM1.71 billion for the financial year under review compared to RM346.06 million reported in previous financial year. The significant improvement in the performance was mainly attributable to higher CPO price coupled with the improvement from all Sectors and lower fair value charge on LLA in current financial year.

**(a) Plantation Sector**

Plantation Sector registered a higher profit of RM1.60 billion for the financial year ended 31 December 2021 compared to RM401.99 million recorded in previous financial corresponding year. This was mainly attributable to the higher average CPO price realised of RM3,671 per mt against RM2,675 per mt registered in previous corresponding financial year.

The performance of the Sector was also boosted by the lower fair value charge on LLA of RM3.98 million against RM158.49 million registered in previous year largely due to the revision in the yield assumptions used in arriving at the LLA liability for current financial year. Lower impairment loss of RM85.19 million compared to RM215.83 million recognised in previous year and better operating margin in its fertiliser and rubber divisions in current financial year have further improved the Sector's result.

Operationally, FFB production dropped by 7% to 3.98 million mt, thus led to lower yield of 15.69 mt per hectare compared to 16.96 mt reported in the previous corresponding financial year. OER achieved was higher at 20.54% compared to 20.32% registered in the previous year.

**(b) Sugar Sector**

Sugar Sector registered a profit of RM85.68 million compared to RM34.55 million loss in previous corresponding financial year mainly attributable to improved margin from higher average selling price. Included in previous year was impairment of bearer plant amounting to RM43.7 million and bearer plant written off of RM27.2 million.

**(c) Logistic and Others Sector**

Logistic and Others Sector recorded an increase in profit by 79% to RM90.35 million from RM50.49 million profit in previous financial year. Profit from Logistic division increased by 18% attributed to the higher handling rate and other income while IT and Others division registered an improvement underpinned by lower expenses incurred in IT business and reduced promotional activities in travel business due to interstate travel restrictions and closure of national border under Movement Control Order ("MCO").



## FGV HOLDINGS BERHAD

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

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

##### Overall

Profit before zakat and taxation for the Group increased to RM689.53 million compared to RM508.07 million in preceding quarter on the back of growth in revenue by 16% to RM6.18 billion. Plantation and Logistic Sector's results continued to improve while loss was reported in Sugar Sector in current quarter.

##### (a) **Plantation Sector**

Profit in Plantation Sector increased by 45% to RM699.27 million compared to RM481.19 million in preceding quarter.

The Sector recorded a fair value gain on LLA of RM66.46 million while a fair value charge on LLA of RM107.04 million was recognised in preceding quarter. Excluding the fair value on LLA, the Sector reported an increase of 7.6% to RM632.81 million compared to RM588.23 million in preceding quarter mainly attributed to higher average CPO price realised of RM4,194 per mt compared to RM3,798 per mt in preceding quarter. However, the increase in profit was partially offset with higher impairment loss recognised of RM68.44 million compared to RM7.46 million posted in preceding quarter.

Operationally, FFB production dropped by 6% in current quarter to 1.05 million MT, hence yield also decreased to 4.16 mt per hectare compared to 4.43 mt per hectare in preceding quarter while OER increased to 21.05% in current quarter compared to 20.74% registered in preceding quarter.

##### (b) **Sugar Sector**

Sugar Sector reported a loss of RM6.23 million compared to RM18.18 million profit in preceding quarter mainly attributed to lower overall margin due to rising raw sugar, incoming freight and gas costs. The Sector recorded higher revenue by 17% in current quarter under review due to increase in overall average selling price.

##### (c) **Logistics and Others Sector**

Logistic and Others Sector recorded higher profit of RM37.60 million compared to RM20.87 million in preceding quarter. Logistics division reported an increase in profit by 16% due to higher contribution from bulking division while results in IT and Others divisions improved due to net reversal of impairment of RM6.12 million recognised in current quarter.



**FGV HOLDINGS BERHAD**

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

**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 December	
	2021 RM'000	2020 RM'000
Included in operating profit/(loss) after LLA are:		
Depreciation of property, plant and equipment	601,861	662,510
Depreciation of right-of-use assets	68,639	84,334
Depreciation of investment properties	12,258	12,260
Property, plant and equipment written off	8,815	34,332
Amortisation of intangible assets	19,077	23,655
Impairment loss on property, plant and equipment - net	60,303	221,769
(Reversal of impairment loss)/impairment loss on right-of-use assets - net	(319)	20,305
Net unrealised foreign exchange (gain)/loss	(6,450)	7,326

**16. Taxation**

	Quarter Ended 31 December		Year to date Ended 31 December	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Malaysian income tax</b>				
Current financial period/year	(109,208)	(35,279)	(335,340)	(120,050)
Prior financial period/year	-	22,378	-	22,378
<b>Foreign income tax</b>				
Current financial period/year	(6,250)	1,157	(13,876)	(8,983)
<b>Deferred tax</b>				
	(135,261)	(112,501)	(171,780)	(88,916)
	<b>(250,719)</b>	<b>(124,245)</b>	<b>(520,996)</b>	<b>(195,571)</b>

The effective tax rate for the financial year ended 31 December 2021 is 31%, 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**

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

**17. Borrowings**

	As at 31 December 2021					
	Long term		Short term		Total borrowings	
	Foreign currency	RM'000 Equivalent	Foreign currency	RM'000 Equivalent	Foreign currency	RM'000 Equivalent
<b>Secured</b>						
Islamic term loans	-	536,689	-	130,021	-	666,710
Islamic short term trade financing	-	12,732	-	-	-	12,732
Short term trade financing						
- United States Dollar	-	-	6,256	26,057	6,256	26,057
- Thai Baht	-	-	35,000	4,364	35,000	4,364
<b>Unsecured</b>						
Loan due to ultimate holding company	-	632,151	-	2,514	-	634,665
Sukuk	-	496,451	-	-	-	496,451
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,946,431	-	1,946,431
Short term trade financing	-	-	-	210,752	-	210,752
<b>Total borrowings</b>		<b>1,678,023</b>		<b>2,320,139</b>		<b>3,998,162</b>

Exchanges rates applied as at 31 December 2021

United States Dollar	4.1650
Thai Baht	12.4682

As at 31 December 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.

The Sukuk issued by the Company has been reflected as an unsecured borrowing as at 31 December 2021 pending completion of certain conditions subsequent. Upon completion of the conditions subsequent, the Sukuk will be reflected as a secured borrowing.

**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 December 2021 are as follows:

	Contractual/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<u>Non-current</u>			
Islamic profit rate swap	208,333	-	3,571
<u>Current</u>			
Foreign currency forwards	422,856	1,978	653
Palm oil futures	13,275	1,561	-
Sugar futures	1,882	-	963
Brent crude oil option futures	4,155	-	2,133
	442,168	3,539	3,749
	<b>650,501</b>	<b>3,539</b>	<b>7,320</b>



**FGV HOLDINGS BERHAD**

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

**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 December 2021.

<u>31 December 2021</u>	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	1,561	1,978	-	3,539
- Trading securities	81,086	-	-	81,086
	<u>82,647</u>	<u>1,978</u>	<u>-</u>	<u>84,625</u>
Financial assets at FVOCI	2,976	-	198,593	201,569
Total assets	<u>85,623</u>	<u>1,978</u>	<u>198,593</u>	<u>286,194</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,804,790	3,804,790
- Derivatives	3,096	4,224	-	7,320
Total liabilities	<u>3,096</u>	<u>4,224</u>	<u>3,804,790</u>	<u>3,812,110</u>

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

	Financial year ended 31 December 2021 RM'000	Financial year ended 31 December 2020 RM'000
<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:	3,984	158,490
- Fixed lease payments	(243,552)	(243,612)
- Share of profits	(184,809)	(17,200)
- Compensation on reclamation of LLA	15,343	-
31 December	<u>3,804,790</u>	<u>4,213,824</u>
<u>Financial assets at FVOCI</u>		
1 January	140,685	103,686
Addition	3,541	3,521
Disposal	-	(14,007)
Fair value changes	54,499	47,588
Currency translation differences	(132)	(103)
31 December	<u>198,593</u>	<u>140,685</u>



## FGV HOLDINGS BERHAD

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

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

Fair value changes for the LLA liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches prices, palm kernel prices, average yield of fresh fruit bunches, inflation rate, total acreage of planted oil palm and rubber, estate replanting fixed cost and capital expenditure; amongst others, on a periodic basis.

As at June 2021, the Group adopted the most recent estimated changes then in arriving at the fair value. The key assumptions incorporating the most recent developments in respect of yield, cost and other parameters such as commodity prices have been updated as at December 2021.

#### 20. Earnings Per Share

	Quarter ended 31 December		Year to date ended 31 December	
	2021	2020	2021	2020
Profit for the financial period/year attributable to owners of the Company (RM'000)	465,085	131,063	1,167,874	146,156
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
<b>Basic earnings per share (sen)</b>	<b>12.75</b>	<b>3.59</b>	<b>32.01</b>	<b>4.01</b>

#### 21. Status of Corporate Proposals

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



## FGV HOLDINGS BERHAD

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

#### 22. Significant Events

- (i) 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.

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.

On 5 August 2021, the Board of Directors announced that Bursa Securities, had vide its letter dated 4 August 2021, granted a further six-month extension until 3 February 2022, for the Company to comply with the Public Spread Requirement.

On 31 January 2022, the Board of Directors announced that Bursa Securities, had vide its letter dated 28 January 2022, granted a further six-month extension until 3 August 2022, for the Company to comply with the Public Spread Requirement

- (ii) On 30 April 2021, FGV Integrated Farming Holdings Sdn Bhd ("FGVIF") has entered into a binding term sheet with MSM Malaysia Holdings Berhad ("MSM") for the proposed acquisition of 37,354,500 ordinary shares constituting 100% of the entire issued and paid up share capital in MSM Perlis Sdn Bhd ("MSM Perlis") and all ordinary shares to be issued and allotted to MSM prior to the signing of the Share Sale Agreement ("SSA") for a cash consideration of RM175.0 million, subject to adjustment for net debt and net working capital at completion of the Proposed Acquisition.

On 29 September 2021, the Board of Directors announced that the Proposed Acquisition has been completed in accordance with the terms of the SSA.

On 1 November 2021, the Board of Directors announced that the Final Acquisition Consideration for the Proposed Acquisition that has been determined in accordance with the terms of the SSA and agreed between FGVIF and MSM, is RM181,106,117.

- (iii) On 22 December 2021, the Board of Directors of FGV announced that FGV had on 20 December 2021 lodged with the Securities Commission Malaysia ("SC") for the proposed establishment of the Sukuk Murabahah Programme under SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The Sukuk Murabahah Programme shall have a tenure of eight (8) years from the date of the first issue of Sukuk Murabahah under the Sukuk Murabahah Programme, which shall be made within sixty (60) business days from the date of the lodgment with the SC (or such other extended period as may be approved by the SC). The tenure of each Sukuk Murabahah to be issued under the Sukuk Murabahah Programme shall be between one (1) year and up to eight (8) years, provided that no Sukuk Murabahah matures after the expiry of the Sukuk Murabahah Programme. The Sukuk Murabahah to be issued under the Sukuk Murabahah Programme shall be unrated.

The proceeds from the Sukuk Murabahah Programme shall be utilised by FGV to refinance its existing financing or borrowing. For the avoidance of doubt, the utilisation of the proceeds of the Sukuk Murabahah Programme shall at all times be for Shariah-compliant purposes.

On 31 December 2021, the Board of Directors of FGV announced that FGV has made the first issuance of Sukuk Murabahah of RM500 million in nominal value pursuant to the Sukuk Murabahah Programme. The RM500 million Sukuk Murabahah issuance will not have any effect on the issued and paid-up share capital of FGV and/or the substantial shareholders' shareholding in FGV.

The Sukuk issued by the Company has been reflected as an unsecured borrowing as at 31 December 2021 pending completion of certain conditions subsequent. Upon completion of the conditions subsequent, the Sukuk will be reflected as a secured borrowing.



**FGV HOLDINGS BERHAD**

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

**23. Prospects**

The Group's Plantation Sector is expected to sustain its performance in line with the high CPO price, which is currently trading above RM5,000/MT. While the uncertainties surrounding labour supply continue to persist, the Sector keeps its focus on operational efficiency and replanting efforts which will be fruitful in the long run. The Sugar Sector will optimise its presence through an aggressive domestic sale, along with regional export penetration and additional value-added business activities. Similarly, the Logistics Sector continues to explore the opportunity for market expansion while enhancing its current operational effectiveness.

The Group remains steadfast in its commitment towards sustainability agenda, environmental protection and good recruitment practices. This was followed by the establishment of a Board Sustainability Committee (BSC) to assist the FGV Board in fulfilling its responsibilities in relation to the sustainability policies, strategies and initiatives. On the WRO suspension, FGV has appointed ELEVATE as a third-party assessor to conduct an independent assessment of FGV's operations against the ILO indicators of forced labour. They are currently finalising a gap analysis based on desktop review and management interviews. The site assessments are expected to begin in April 2022. FGV is committed to focusing on enhancing its labour practices with its ongoing implementation of the FGV - FLA action plan to improve labour practices covering various aspects including recruitment process, grievances mechanism and monitoring systems. On the same note, we are following up regularly on RSPO certification suspension by the RSPO Complaints Panel. FGV will resume certification of the remaining uncertified mills, as soon as the certification suspension is lifted by the Panel.

FGV is also constantly evaluating investment opportunities to accelerate business growth and create value to shareholders. Any proposal would be evaluated for its commercial viability based on stringent business parameters as stipulated in our investment policy as well as alignment with the approved Business Plan. The threats of new Covid-19 variant, Omicron and the rising number of cases could potentially impact FGV business performance. On this front, the Group is making good progress in ensuring high vaccination rates among our workforce, stringent compliance to Standard Operating Procedures and effective containment measures to ensure business continuity.

With the Group continuing to focus on its core businesses, the Board expects this positive trend to continue for the coming financial year in line with the positive CPO price movement.

By Order of the Board

Koo Shuang Yen  
Company Secretary

28 February 2022