



**FGV HOLDINGS BERHAD**

200701042133 (800165-P)

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 31 March 2023**



**FGV HOLDINGS BERHAD**

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter ended 31 March 2023**

		Year to date ended 31 March		
Note	2023 RM'000	2022 RM'000	% + / (-)	
	<b>Revenue</b>	4,592,595	5,853,761	<b>(21.5)</b>
	Cost of sales	(4,288,402)	(5,015,040)	
	<b>Gross profit</b>	<b>304,193</b>	<b>838,721</b>	<b>(63.7)</b>
	Other operating income	42,580	29,915	
	Selling and distribution costs	(37,376)	(37,171)	
	Administrative expenses	(204,037)	(186,572)	
	Impairment loss of financial assets (net)	(375)	(7,989)	
	Other operating expenses	(4,045)	(2,425)	
	Commodity gains - net	7,818	33,853	
	<b>Operating profit</b>	<b>108,758</b>	<b>668,332</b>	<b>(83.7)</b>
	Fair value changes in Land Lease Agreement ("LLA") liability	(32,155)	(159,140)	
	<b>Operating profit after LLA</b>	<b>76,603</b>	<b>509,192</b>	<b>(85.0)</b>
	Finance income	5,301	4,186	
	Finance costs	(28,996)	(35,682)	
	Share of results from associates	(393)	474	
	Share of results from joint ventures	7,347	22,893	
	<b>Profit before zakat and taxation</b>	<b>59,862</b>	<b>501,063</b>	<b>(88.1)</b>
	Zakat	(511)	(1,157)	
	Taxation	(51,308)	(133,326)	
	<b>Profit for the financial period</b>	<b>8,043</b>	<b>366,580</b>	<b>(97.8)</b>
	<b>Profit/(loss) attributable to:</b>			
	- Owners of the Company	12,092	369,236	(96.7)
	- Non-controlling interests	(4,049)	(2,656)	
		<b>8,043</b>	<b>366,580</b>	<b>(97.8)</b>
	<b>Other comprehensive income/(loss)</b>			
	Actuarial gains on defined benefit plan	105	57	
	Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	3,191	6,084	
	Share of other comprehensive (loss)/income of joint ventures	(167)	1,395	
	Currency translation differences	(18,090)	1,559	
	Realisation of forex exchange reserve upon liquidation of a subsidiary	970	-	
	Cash flow hedges	25	391	
	Other comprehensive income for the financial period, net of tax	(13,966)	9,486	
	<b>Total comprehensive (loss)/income for the financial period</b>	<b>(5,923)</b>	<b>376,066</b>	<b>&lt;100</b>
	<b>Total comprehensive (loss)/income attributable to:</b>			
	- Owners of the Company	4,186	380,774	(98.9)
	- Non-controlling interests	(10,109)	(4,708)	
	<b>Total comprehensive (loss)/income for the financial period</b>	<b>(5,923)</b>	<b>376,066</b>	<b>&lt;100</b>
	Earnings per share for profit attributable to the Owners of the Company:			
	Basic (sen)	20	0.3	10.1

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 2022.



**FGV HOLDINGS BERHAD**

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2023

	Note	<b>Unaudited As at 31 March 2023 RM'000</b>	<b>Audited As at 31 December 2022 RM'000</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment		7,766,158	7,727,964
Right-of-use assets		2,135,691	2,150,803
Investment properties		71,866	73,779
Intangible assets		938,450	939,983
Interests in associates		63,238	63,631
Interests in joint ventures		575,665	567,412
Deposit and other receivables		122,970	123,557
Deferred tax assets		171,426	231,316
Financial assets at fair value through profit or loss	19	5,140	6,588
Financial assets through other comprehensive income	19	165,983	162,670
Biological assets		934	1,491
		<b>12,017,521</b>	<b>12,049,194</b>
<b><u>Current assets</u></b>			
Inventories		1,951,461	2,361,423
Receivables		1,283,521	1,615,069
Biological assets		79,945	86,698
Amount due from ultimate holding company		46,254	25,654
Amounts due from joint ventures		126,839	146,887
Amount due from an associate		38	4,300
Amounts due from related companies		312,245	260,895
Tax recoverable		14,123	10,129
Financial assets at fair value through profit or loss	19	65,739	74,767
Derivative financial assets	18	10,955	3,165
Contract assets		43,347	47,298
Deposits, cash and bank balances		1,535,865	1,397,106
		<b>5,470,332</b>	<b>6,033,391</b>
Assets held for sale		19,080	28,041
		<b>5,489,412</b>	<b>6,061,432</b>
<b>Total assets</b>		<b>17,506,933</b>	<b>18,110,626</b>
<b><u>Equity</u></b>			
Share capital		7,029,889	7,029,889
Reserves		(1,195,343)	(798,232)
<b>Equity attributable to owners of the Company</b>		<b>5,834,546</b>	<b>6,231,657</b>
Non-controlling interests		1,641,858	1,653,028
<b>Total equity</b>		<b>7,476,404</b>	<b>7,884,685</b>



**FGV HOLDINGS BERHAD**

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2023 (continued)**

	Note	Unaudited As at 31 March 2023 RM'000	Audited As at 31 December 2022 RM'000
<b><u>Non-current liabilities</u></b>			
Borrowings	17	819,949	844,066
LLA liability		3,112,084	3,264,463
Derivative financial liabilities	18	138	193
Provision for asset retirement		32,263	32,119
Provision for defined benefit plan		48,080	47,981
Lease liability		285,551	293,738
Deferred tax liabilities		545,120	577,718
		<b>4,843,185</b>	<b>5,060,278</b>
<b><u>Current liabilities</u></b>			
Payables		1,427,294	1,941,029
Loans due to ultimate holding company	17	337,496	333,316
Amount due to ultimate holding company		167,777	239,203
Amounts due to joint ventures		127	42
Amounts due to associates		694	331
Amounts due to related companies		5,370	24,350
Borrowings	17	2,109,707	1,881,578
Derivative financial liabilities	18	10,489	17,742
Provision for asset retirement		707	702
Lease liability		34,186	37,621
LLA liability		489,916	415,891
Contract liabilities		151,936	109,359
Current tax liabilities		50,348	164,499
Dividend payable		401,297	-
		<b>5,187,344</b>	<b>5,165,663</b>
Total liabilities		<b>10,030,529</b>	<b>10,225,941</b>
<b>Total equity and liabilities</b>		<b>17,506,933</b>	<b>18,110,626</b>
Net assets per share attributable to owners of the Company		<b>1.60</b>	<b>1.71</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 2022.



**FGV HOLDINGS BERHAD**

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

	Share capital 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 March 2023</b>								
At 1 January 2023	7,029,889	68,156	(3,089,497)	29,495	2,193,614	6,231,657	1,653,028	7,884,685
Profit/(loss) for the financial period	-	-	-	-	12,092	12,092	(4,049)	8,043
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	-	-	-	-	105	105	-	105
- fair value changes in financial assets at FVOCI	-	-	-	3,248	-	3,248	(57)	3,191
<u>Items that will be subsequently reclassified to profit or loss</u>								
- currency translation differences	-	(12,075)	-	-	-	(12,075)	(6,015)	(18,090)
- share of other comprehensive loss of joint ventures	-	(167)	-	-	-	(167)	-	(167)
- realisation of forex exchange reserve upon liquidation of a subsidiary	-	970	-	-	-	970	-	970
- cash flow hedge reserves	-	-	-	13	-	13	12	25
	-	(11,272)	-	13	-	(11,259)	(6,003)	(17,262)
<b>Total other comprehensive (loss)/income for the financial period</b>	<b>-</b>	<b>(11,272)</b>	<b>-</b>	<b>3,261</b>	<b>12,127</b>	<b>4,186</b>	<b>(10,109)</b>	<b>(5,923)</b>
<u>Transactions with owners</u>								
Dividend payable for the financial year ended 31 December 2022 (final)	-	-	-	-	(401,297)	(401,297)	-	(401,297)
Liquidation of subsidiary	-	-	-	-	-	-	(1,061)	(1,061)
Total transactions with owners	-	-	-	-	(401,297)	(401,297)	(1,061)	(402,358)
<b>At 31 March 2023</b>	<b>7,029,889</b>	<b>56,884</b>	<b>(3,089,497)</b>	<b>32,756</b>	<b>1,804,514</b>	<b>5,834,546</b>	<b>1,641,858</b>	<b>7,476,404</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 March 2022</b>									
At 1 January 2022	7,029,889	(518)	54,036	(3,089,497)	<b>67,427</b>	1,359,264	5,420,601	1,765,917	7,186,518
Profit/(loss) for the financial period	-	-	-	-	-	369,236	369,236	(2,656)	366,580
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	-	-	-	-	-	57	57	-	57
- fair value changes in financial assets at FVOCI	-	-	-	-	5,956	-	5,956	128	6,084
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	3,931	-	-	-	3,931	(2,372)	1,559
- share of other comprehensive income of joint ventures	-	-	1,395	-	-	-	1,395	-	1,395
- cash flow hedge reserves	-	-	-	-	199	-	199	192	391
	-	-	5,326	-	199	-	5,525	(2,180)	3,345
<b>Total other comprehensive income/(loss) for the financial period</b>	-	-	<b>5,326</b>	-	<b>6,155</b>	<b>369,293</b>	<b>380,774</b>	<b>(4,708)</b>	<b>376,066</b>
<u>Transactions with owners</u>									
Dividend paid for the financial year ended 31 December 2020 (final)	-	-	-	-	-	(291,852)	(291,852)	-	(291,852)
Total transactions with owners	-	-	-	-	-	(291,852)	(291,852)	-	(291,852)
<b>At 31 March 2022</b>	<b>7,029,889</b>	<b>(518)</b>	<b>59,362</b>	<b>(3,089,497)</b>	<b>73,582</b>	<b>1,436,705</b>	<b>5,509,523</b>	<b>1,761,209</b>	<b>7,270,732</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 2022.



**FGV HOLDINGS BERHAD**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	Year to date ended 31 March	
	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the financial period</b>	8,043	366,580
Adjustments for non-cash items	277,976	466,415
<b>Operating profit before working capital changes</b>	<b>286,019</b>	<b>832,995</b>
Changes in working capital	146,230	(1,136,643)
<b>Cash generated from/(used in) operations</b>	<b>432,249</b>	<b>(303,648)</b>
Interest received	5,301	4,186
Taxation paid, net	(137,927)	(116,106)
Zakat paid	(511)	(1,157)
Retirement benefits paid	(241)	(1,512)
<b>Net cash generated from/(used in) operating activities</b>	<b>298,871</b>	<b>(418,237)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(196,106)	(164,073)
Purchase of intangible asset	(153)	(1,182)
Proceeds from disposal of assets held for sale	9,000	-
Proceeds from disposal of property, plant and equipment	229	77
Proceeds from disposal of financial assets at fair value through profit or loss	59,391	-
Net cash outflow from liquidation of a subsidiary	(92)	-
Additions of financial assets at fair value through profit or loss (net)	(62,813)	(3,562)
Dividend received from an associate	-	293
Dividend received from joint ventures	-	3,502
<b>Net cash used in investing activities</b>	<b>(190,544)</b>	<b>(164,945)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	1,956,179	1,944,721
Repayment of borrowings	(1,752,260)	(1,769,399)
Repayment of LLA liability	(110,509)	(130,732)
Dividend paid to shareholders	-	(291,852)
Dividend paid to non-controlling interest	-	-
Finance costs paid	(37,133)	(31,653)
Payments of lease liabilities	(15,206)	(7,299)
<b>Net cash generated from/(used in) financing activities</b>	<b>41,071</b>	<b>(286,214)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>149,398</b>	<b>(869,396)</b>
Effect of foreign exchange rate changes	(10,639)	(704)
Cash and cash equivalents at beginning of the financial period	1,397,106	2,031,666
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,535,865</b>	<b>1,161,566</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 2022.



## FGV HOLDINGS BERHAD

### Explanatory Notes on the Quarterly Report – 31 March 2023

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 2022. 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 2022.

#### 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 2022.

- (i) Accounting pronouncements that are effective and have been adopted by the Group

The Group has considered the Agenda Decision on demand deposits with restrictions on use, arising from a contract with third party and has included the cash pledged in order to obtain certain bank facilities as a component of cash and cash equivalents.

- (ii) 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 or after 1 January 2023

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
- Amendments to MFRS 112 'Deferred Tax relating to assets and liabilities arising from a single transaction'

- (iii) Amendments to existing standards that are not yet effective and have not been early adopted by the Group:

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 101 'Classification of liabilities as current or non current' (2020 amendments) and 'Non current liabilities with covenants' (2022 amendments)

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group.

#### 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 March 2023 (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**

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 2023.



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (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:

**Year to date ended 31 March 2023**

	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
Total segment revenue	5,597,082	627,589	184,592	79,994	6,489,257
Less : Inter-segment revenue	(1,700,240)	(39,196)	(87,697)	(69,529)	(1,896,662)
<b>Revenue from external customers</b>	<b>3,896,842</b>	<b>588,393</b>	<b>96,895</b>	<b>10,465</b>	<b>4,592,595</b>

Finance income	4,807	1,594	1,042	(2,142)	5,301
Finance costs	(7,516)	(9,371)	(948)	(11,161)	(28,996)
Depreciation and amortisation	(139,766)	(19,425)	(24,255)	(5,747)	(189,193)
Fair value changes in LLA liability	(32,155)	-	-	-	(32,155)
(Impairment)/reversal of impairment of:					
- financial assets	(999)	193	431	-	(375)
- non-financials assets	7,821	-	-	-	7,821
Share of results of joint ventures	7,347	-	-	-	7,347
Share of results of associates	524	-	-	(917)	(393)

**Profit/(loss) before zakat and taxation  
for the financial period**

<b>61,893</b>	<b>(31,731)</b>	<b>37,643</b>	<b>(7,943)</b>	<b>59,862</b>
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Disaggregation of the Group's revenue is as follows:

Sales of Palm Products Oils  
Sales of Sugar

Others

Timing of revenue  
recognition

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

3,177,032	-	-	-	3,177,032
-	588,393	-	-	588,393
719,810	-	96,895	10,465	827,170
<b>3,896,842</b>	<b>588,393</b>	<b>96,895</b>	<b>10,465</b>	<b>4,592,595</b>



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (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 March 2022</b>					
Total segment revenue	7,611,880	650,252	161,571	68,951	8,492,654
Less : Inter-segment revenue	(2,447,091)	(56,824)	(73,979)	(60,999)	(2,638,893)
<b>Revenue from external customers</b>	<b>5,164,789</b>	<b>593,428</b>	<b>87,592</b>	<b>7,952</b>	<b>5,853,761</b>
Finance income	2,437	968	606	175	4,186
Finance costs	(12,413)	(7,614)	(636)	(15,019)	(35,682)
Depreciation and amortisation	(146,994)	(21,657)	(17,692)	(4,185)	(190,528)
Fair value changes in LLA liability	(159,140)	-	-	-	(159,140)
(Impairment)/reversal of impairment of:					
- financial assets	(6,782)	653	(71)	(1,789)	(7,989)
- non-financials assets	6,100	-	-	-	6,100
Share of results of joint ventures	22,893	-	-	-	22,893
Share of results of associates	793	-	-	(319)	474
<b>Profit/(loss) before zakat and taxation for the financial period</b>	<b>517,868</b>	<b>(30,780)</b>	<b>21,921</b>	<b>(7,946)</b>	<b>501,063</b>
<b>Disaggregation of the Group's revenue is as follows:</b>					
Sales of Palm Products Oils	4,145,355	-	-	-	4,145,355
Sales of Sugar	-	593,428	-	-	593,428
Others	1,019,434	-	87,592	7,952	1,114,978
	<b>5,164,789</b>	<b>593,428</b>	<b>87,592</b>	<b>7,952</b>	<b>5,853,761</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 March 2023 (continued)**

**8. Capital Commitments**

	<b>As at 31 March 2023 RM'000</b>	<b>As at 31 December 2022 RM'000</b>
Capital expenditure approved and contracted for: - Property, plant and equipment	137,261	407,048
	<b>137,261</b>	<b>407,048</b>

**9. Significant Related Party Transactions**

(I) Related party transactions for the financial year ended 31 March 2023 and 31 March 2022 are as follows:

(a) Sales of goods and services

	<b>Year to date ended 31 March</b>	
	2023 RM'000	2022 RM'000
(i) Transactions with joint ventures		
Sales of CPO by FGV Trading Sdn. Bhd. ("FGVT") to FGV Iffco Sdn. Bhd. Group ("FISB Group")	236,388	194,308
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	43,347	118,799
Sales of CPO by FGVT and FGV Palm Industries Sdn. Bhd. ("FGVPI") to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	-	73,220
(ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	136,719	40,920
IT services rendered by FGV Prodata Systems Sdn. Bhd. ("Prodata")	10,798	8,682
Security services rendered by FGV Security Services Sdn. Bhd. ("FSSSB")	5,427	5,556



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)**

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

(i) Related party transactions for the financial year ended 31 March 2023 and 31 March 2022 are as follows: (continued)

(b) Purchase of goods and services

	Year to date ended 31 March	
	2023 RM'000	2022 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	110,509	130,732
Interest expense charged by FELDA	4,180	7,712
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	30,753	34,755
Purchase of FFB by FGVT	1,021,833	1,774,790
Joint Consultative Committee payment by FGVT	3,841	3,893

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:

Cooking oil subsidy received from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup	42,186	128,201
Windfall tax paid/payable to Royal Malaysian Custom Department	19,586	72,086
CESS payment to Malaysia Palm Oil Board	9,078	9,000

**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.



## FGV HOLDINGS BERHAD

### Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)

#### 11. Contingent Liabilities and Material Litigation

- (i) 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. On 11 May 2022, the Mediator acknowledged that the mediation was unsuccessful. No further mediation is fixed.

On 9 November 2022, Prodata has informed the Judge that Prodata is not agreeable to record a consent order on VDSL’s protective order application. On 16 December 2022, the Judge recorded the consent order between VDSL and Felda in respect of both VDSL’s protective order application and Felda’s discovery application.

The Judge dismissed the security for costs applications filed by Prodata and Felda respectively, with costs of RM5,000 (subject to allocator fee of RM200, therefore totaling RM5,200) payable by each of Prodata and Felda to VDSL.

On 9 January 2023, Prodata has filed an appeal to Court of Appeal against the High Court’s dismissal of Prodata’s application for security for costs. On 18 January 2023, during the case management, parties were informed as follows:

- (i) Both Felda & Prodata are appealing the High Court’s decision on the Security for Costs applications;
- (ii) Felda also filed an appeal on the High Court’s decision on Felda’s Striking Out application;
- (iii) VDSL would like to file an application to amend its Amended Statement of Claim

The Court of Appeal (against the High Court’s dismissal of Prodata’s application for security for costs) has fixed case management on 10 April 2023. The purpose of this case management is to fix a date for hearing of Prodata’s appeal.

On 14 March 2023, Prodata and Felda have informed the Court that they will oppose VDSL’s application of its Amended Statement of Claim.

On 16 May 2023, the hearing has been vacated and the new hearing date has been fixed on 25 July 2023.

Based on legal opinion, there is a fair chance of Prodata succeeding in defending the claim from VDSL.



## FGV HOLDINGS BERHAD

### Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)

#### 11. Contingent Liabilities and Material Litigation (continued)

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

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

On 8 November 2019, the Counterclaim Defendants filed an application to strike out the Counterclaim. The High Court after hearing both parties, had struck out the Counterclaim and dismissed the 10th to 14th Defendants’ claim with costs. The High Court also directed the Defendants to file and serve their Amended Defence. On 13 January 2020, the Solicitors of 8th Defendant updated the Court that they had filed an application to amend their Defence. On 6 September 2021, the Court of Appeal heard and allowed the 10th to 14th Defendants’ appeal and reversed the decision of the High Court. The Company filed an application for leave to appeal to the Federal Court (“Leave Application”). The Court had on 8 June 2022 informed that the case would be transferred to NCvC 12 (new civil court) and no official letter of the direction from the new judge.

On 5 October 2022, the Federal Court did not allow the Plaintiff’s application for Leave to Appeal and therefore, the Main Action and the Counterclaim will proceed to trial in the High Court. The Court has fixed new trial dates on 17 to 19 April 2023 and fixed for a case management and hearing for 10<sup>th</sup> to 14<sup>th</sup> Defendants amendment application on the counter claim on 22 February 2023.

On 22 February 2023, the Judge indicated that this case would be more suitable to be heard in a Commercial Court (the case was filed in a Civil Court). Hence, the case management and hearing of 10<sup>th</sup> to 14<sup>th</sup> Defendants amendment application on the counter claim could not proceed. Additionally, the 1<sup>st</sup> Defendant has filed an application to amend his defence.

The case has been transferred to the Commercial Court. On 31 March 2023, the Court has fixed the 1<sup>st</sup> Defendant’s Amendment Application and 10<sup>th</sup>-14<sup>th</sup> Defendants Amendment Application for Hearing on 27 November 2023.



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)**

**11. Contingent Liabilities and Material Litigation (continued)**

- (iii) On 10 April 2023, Sri Kehuma Sdn. Bhd. and Yapidmas Plantation Sdn. Bhd., indirect subsidiaries of the Company, (“the Defendants”) had been served with a sealed Writ of Summons dated 13 March 2023 (“the Writ”) by Euggne Kousai (“the Plaintiff”).

The plaintiff, among others, is claiming for damages amounting to RM24,924,000 due to the Defendants’ alleged fraudulent transaction and the continuing trespass of forty one (41) parcels of lands under Native Title, which are under lease agreements, which the Plaintiff claims to be the registered owner.

During the case management held on 13 April 2023, the Kota Kinabalu High Court has further fixed 15 May 2023 for E-Review. On 23 May 2023, the Court has fixed 26 June 2023 for e review to monitor the filing of the pleadings.

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 March 2023 (continued)**

**12. Review of Group Performance**

	Quarter ended 31 March			Quarter ended 31 December		Year to date ended 31 March		
	2023 RM'000	2022 RM'000	% + / (-)	2022 RM'000	% + / (-)	2023 RM'000	2022 RM'000	% + / (-)
<b>Revenue</b>	<b>4,592,595</b>	<b>5,853,761</b>	<b>(21.5)</b>	<b>6,098,467</b>	<b>(24.7)</b>	<b>4,592,595</b>	<b>5,853,761</b>	<b>(21.5)</b>
Plantation	61,893	517,868	(88.0)	547,857	(88.7)	61,893	517,868	(88.0)
Sugar	(31,731)	(30,780)	(3.1)	(46,491)	31.7	(31,731)	(30,780)	(3.1)
Logistics and Others	37,643	21,921	71.7	30,178	24.7	37,643	21,921	71.7
<b>Sector results</b>	<b>67,805</b>	<b>500,009</b>	<b>(86.7)</b>	<b>531,544</b>	<b>(87.2)</b>	<b>67,805</b>	<b>500,009</b>	<b>(86.7)</b>
Corporate HQ and elimination	(7,943)	(7,946)		(63,132)		(7,943)	(7,946)	
<b>Profit before zakat and taxation</b>	<b>59,862</b>	<b>501,063</b>	<b>(88.1)</b>	<b>468,412</b>	<b>(87.2)</b>	<b>59,862</b>	<b>501,063</b>	<b>(88.1)</b>
Zakat	(511)	(1,157)		(279)		(511)	(1,157)	
Taxation	(51,308)	(133,326)		(138,848)		(51,308)	(133,326)	
<b>Profit for the financial period</b>	<b>8,043</b>	<b>366,580</b>	<b>(97.8)</b>	<b>329,285</b>	<b>(97.6)</b>	<b>8,043</b>	<b>366,580</b>	<b>(97.8)</b>
Profit/(loss) attributable to:								
<b>Owners of the Company</b>	<b>12,092</b>	<b>369,236</b>	<b>(96.7)</b>	<b>344,295</b>	<b>(96.5)</b>	<b>12,092</b>	<b>369,236</b>	<b>(96.7)</b>
Non-controlling interests	(4,049)	(2,656)		(15,010)		(4,049)	(2,656)	
<b>Profit for the financial period</b>	<b>8,043</b>	<b>366,580</b>	<b>(97.8)</b>	<b>329,285</b>	<b>(97.6)</b>	<b>8,043</b>	<b>366,580</b>	<b>(97.8)</b>



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)**

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

**(A) Current Quarter Ended 31 March 2023 against Previous Year's Corresponding Quarter Ended 31 March 2022**

**Overall**

The Group's profit before zakat and taxation decreased to RM59.86 million for the current quarter compared to RM501.06 million in the corresponding quarter of the previous year as the Group registered lower average CPO price realised and incurred losses in Sugar Sector. The lower profit was partially mitigated by the improvement in Logistic Sector in current quarter.

**(a) Plantation Sector**

Profit in Plantation Sector reduced to RM61.89 million from RM517.87 million in corresponding quarter of the previous year mainly attributable to lower average CPO price realised of RM3,988 per MT compared to RM5,058 per MT in previous year's corresponding quarter despite higher CPO sales volume in current quarter by 31%.

The Sector's results was further compounded by lower margin achieved from downstream, fertiliser and rubber businesses and lower share of results from joint ventures from RM22.89 million to RM7.35 million reported in current quarter. The decrease in profit was partially cushioned by the lower fair value charge on LLA of RM32.16 million compared to RM159.14 million in corresponding quarter of the previous year.

Operationally, FFB yield increased to 3.04 MT per hectare from 3.02 MT per hectare in previous year's corresponding quarter. OER achieved in current quarter was 19.81%, down from 20.28% registered in corresponding quarter of the previous year.

**(b) Sugar Sector**

Sugar Sector reported a higher loss of RM31.73 million compared to RM30.78 million in corresponding quarter of the previous year. This was mainly attributed to high input cost mainly natural gas and weakening of Ringgit Malaysia coupled with lower sales volume despite increase in overall average selling price.

**(c) Logistics and Others Sector**

Logistic and Others Sector reported a higher profit in current quarter of RM37.64 million compared to RM21.92 million in corresponding quarter of the previous year. Logistic division reported an increase in profit by 9% compared to corresponding quarter of the previous year mainly attributable to higher handling rate and increase in tonnage carried while Others Sector reported an improvement mainly due to higher income recognised in current quarter.



## FGV HOLDINGS BERHAD

### Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)

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

##### Overall

The revenue of the Group decreased by 25% to RM4.59 billion while the profit before zakat and taxation for the Group decreased to RM59.86 million compared to RM468.41 million in preceding quarter. The lower profit was mainly due to weaker results in Plantation Sector, but partially cushioned by improved performance in Logistics and Others Sector and lower loss registered in Sugar Sector in current quarter.

##### (a) Plantation Sector

Profit in Plantation Sector reduced by 89% to RM61.89 million compared to RM547.86 million in preceding quarter mainly attributed to lower average CPO price realised of RM3,988 per MT compared to RM4,432 per MT in preceding quarter coupled with lower CPO sales volume by 31% in current quarter.

In addition, the Sector's downstream business achieved lower margin and registered a decrease in share of results in joint venture of RM7.35 million compared to RM88.38 million in the preceding quarter. The higher share of profit in the preceding quarter was due to the one-off gain on disposal and effect of hyperinflationary accounting of its joint venture's subsidiary. The lower profit in Plantation Sector was partially cushioned by lower fair value charge on LLA of RM32.16 million compared to RM84.53 million registered in preceding quarter.

Operationally, FFB production declined to 0.82 million MT from 1.13 million MT in preceding quarter, hence decrease in yield to 3.04 MT per hectare from 4.13 MT per hectare recorded in preceding quarter. OER decreased to 19.81% in current quarter compared to 20.14% registered in preceding quarter.

##### (b) Sugar Sector

Sugar Sector reported a lower loss of RM31.73 million compared to RM46.49 million loss in preceding quarter mainly attributed to the strengthening of Ringgit Malaysia despite lower overall sales volume.

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

Logistic and Others Sector recorded higher profit of RM37.64 million compared to RM30.18 million in preceding quarter. Others division reported an improvement contributed by IT division while Logistics division reported lower profit by 7% due to decrease in throughput handled in tandem with lower FFB production.



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (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 after LLA**

	Year to date ended 31 March	
	2023 RM'000	2022 RM'000
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	163,574	168,519
Depreciation of right-of-use assets	20,503	15,777
Depreciation of investment properties	1,912	3,065
Property, plant and equipment written off	4,664	2,573
Amortisation of intangible assets	3,204	3,167
Reversal of impairment loss on property, plant and equipment - net	(7,821)	(6,100)
Net unrealised foreign exchange gain	(3,973)	(2,976)

**16. Taxation**

	Year to date ended 31 March	
	2023 RM'000	2022 RM'000
<b>Malaysian income tax</b>		
Current financial period	(19,782)	(127,002)
<b>Foreign income tax</b>		
Current financial period	(4,234)	(4,194)
<b>Deferred tax</b>	(27,292)	(2,130)
	<b>(51,308)</b>	<b>(133,326)</b>

The effective tax rate for the financial period ended 31 March 2023 is 86%, 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 March 2023 (continued)**

**17. Borrowings**

	As at 31 March 2023					
	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	-	374,208	-	146,437	-	520,645
Short term trade financing						
- Ringgit Malaysia	-	-	-	-	-	-
- Thai Baht	-	-	46,000	5,944	46,000	5,944
<b>Unsecured</b>						
Loan due to ultimate holding company	-	-	-	337,496	-	337,496
Sukuk	-	397,374	-	50,000	-	447,374
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,247,127	-	1,247,127
- United States Dollar	-	-	36,161	159,722	36,161	159,722
Short term trade financing	-	-	-	494,168	-	494,168
Hire purchase	-	48,367	-	6,309	-	54,676
<b>Total borrowings</b>		<b>819,949</b>		<b>2,447,203</b>		<b>3,267,152</b>

Exchanges rates applied as at 31 March 2023

United States Dollar	4.4170
Thai Baht	12.9228

As at 31 March 2023, 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 March 2023 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 March 2023 are as follows:

	Contractual/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<u>Non-current</u>			
Islamic profit rate swap	104,167	-	138
<u>Current</u>			
Foreign currency forwards	467,397	4,152	7,065
Palm oil futures	134,472	6,803	-
Brent crude oil option futures	3,837	-	3,424
	605,706	10,955	10,489
	<b>709,873</b>	<b>10,955</b>	<b>10,627</b>



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (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 2022. 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 2023.

<u>31 March 2023</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	6,803	4,152	-	10,955
- Trading securities	70,879	-	-	70,879
Financial assets at FVOCI	3,015	-	162,968	165,983
Total assets	<u>80,697</u>	<u>4,152</u>	<u>162,968</u>	<u>247,817</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,602,000	3,602,000
- Derivatives	3,424	7,203	-	10,627
Total liabilities	<u>3,424</u>	<u>7,203</u>	<u>3,602,000</u>	<u>3,612,627</u>

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

	Year to date ended 31 March 2023 RM'000	Financial year ended 31 December 2022 RM'000
<u>LLA liability</u>		
1 January	3,680,354	3,680,790
Fair value changes charged to profit or loss	32,155	352,870
Repayment during the financial period/year:		
- Fixed lease payments	(60,890)	(243,624)
- Share of profits	(49,619)	(233,682)
31 March / December	<u>3,602,000</u>	<u>3,680,354</u>
<u>Financial assets at FVOCI</u>		
1 January	159,407	198,594
Addition	-	2,706
Disposal	-	(4,648)
Fair value changes	3,431	(35,253)
Currency translation differences	130	(1,992)
31 March / December	<u>162,968</u>	<u>159,407</u>



## FGV HOLDINGS BERHAD

### Explanatory Notes on the Quarterly Report – 31 March 2023 (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.

The Group adopted the most recent estimated changes then in arriving at the fair value. The key assumptions incorporating the most recent developments, other parameters such as commodity prices have been updated as at March 2023.

#### 20. Earnings Per Share

	Year to date ended 31 March	
	2023	2022
Profit for the financial period attributable to owners of the Company (RM'000)	12,092	369,236
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152
<b>Basic earnings per share (sen)</b>	<b>0.3</b>	<b>10.1</b>

#### 21. Status of Corporate Proposals

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

#### 22. Significant Events

There were no significant events during the financial period under review.

#### 23. Material events after reporting period

There were no material events after reporting financial period under review.



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 March 2023 (continued)**

**24. Prospects**

Malaysia's 2023 economic growth is projected to be between 4% and 5% with the agriculture sector forecasted to grow at 0.7% in 2023 supported mainly by higher oil palm production as labour supply improves and the gradual recovery in raw material supplies, particularly fertiliser and animal feed.

The Plantation Sector's migrant worker is currently under control at 89% strong but the risk of lower rainfall in the coming months as the El Nino weather pattern develops may cause lower output and yield. The Sector is enhancing its water management planning and will continue to focus on improving its harvesting, crop recovery, and replanting capabilities to ensure the Group's long-term operating performance.

The Sugar Sector continues to be challenged amidst high input costs and is continuing its turnaround strategy to increase productivity. Meanwhile, the Logistics and Support Businesses are ready to seize opportunities through capacity expansion and business collaboration while improving existing operations and ensuring long-term profitability.

On the Sustainability front, we are working closely with our consultant, Elevate, and engaging with the United States Customs and Border Protection (US CBP) to submit a petition to uplift the Withhold Release Order (WRO) by the end of the year.

Barring any unforeseen circumstances, the Board expects the financial performance of the Group to be satisfactory and in line with the industry.

By Order of the Board

Azni Ariffin  
Company Secretary

30 May 2023