



**FGV HOLDINGS BERHAD**

200701042133 (800165-P)

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Year Ended 31 December 2023**



**FGV HOLDINGS BERHAD**

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

Note	Quarter ended 31 December			Year to date ended 31 December		
	2023 RM'000	2022 RM'000	% +/-	2023 RM'000	2022 RM'000	% +/-
<b>Revenue</b>	5,364,702	6,098,467	(12.0)	19,359,186	25,561,543	(24.3)
Cost of sales	(4,822,694)	(5,293,309)		(17,783,897)	(22,217,789)	
<b>Gross profit</b>	<b>542,008</b>	<b>805,158</b>	<b>(32.7)</b>	<b>1,575,289</b>	<b>3,343,754</b>	<b>(52.9)</b>
Other operating income	8,400	59,475		121,441	152,783	
Selling and distribution costs	(77,336)	(90,888)		(249,993)	(284,486)	
Administrative expenses	(271,549)	(251,875)		(903,405)	(891,183)	
Reversal of impairment/(impairment) of financial assets (net)	11,242	(20,393)		13,919	(17,641)	
Other operating expenses	(5,967)	(577)		(21,397)	(4,435)	
Commodity losses - net	(30,063)	(16,612)		(8,684)	(39,267)	
<b>Operating profit</b>	<b>176,735</b>	<b>484,288</b>	<b>(63.5)</b>	<b>527,170</b>	<b>2,259,525</b>	<b>(76.7)</b>
Fair value changes in Land Lease Agreement ("LLA") liability	(6,917)	(84,526)		(133,706)	(352,870)	
<b>Operating profit after LLA</b>	<b>169,818</b>	<b>399,762</b>	<b>(57.5)</b>	<b>393,464</b>	<b>1,906,655</b>	<b>(79.4)</b>
Finance income	22,943	9,658		45,853	26,256	
Finance costs	(32,952)	(43,520)		(123,569)	(126,510)	
Share of results from associates	414	1,524		(1,498)	2,658	
Share of results from joint ventures	21,841	100,988		24,836	146,164	
<b>Profit before zakat and taxation</b>	<b>182,064</b>	<b>468,412</b>	<b>(61.1)</b>	<b>339,086</b>	<b>1,955,223</b>	<b>(82.7)</b>
Zakat	(15,790)	(279)		(34,162)	(35,142)	
Taxation	(67,671)	(138,848)		(193,122)	(651,480)	
<b>Profit for the financial period/year</b>	<b>98,603</b>	<b>329,285</b>	<b>(70.1)</b>	<b>111,802</b>	<b>1,268,601</b>	<b>(91.2)</b>
<b>Profit attributable to:</b>						
- Owners of the Company	71,825	344,295	(79.1)	103,002	1,329,226	(92.3)
- Non-controlling interests	26,778	(15,010)		8,800	(60,625)	
	<b>98,603</b>	<b>329,285</b>	<b>(70.1)</b>	<b>111,802</b>	<b>1,268,601</b>	<b>(91.2)</b>
<b>Other comprehensive income/(loss)</b>						
Actuarial (loss)/gains on defined benefit plan	(1,433)	2,185		(1,346)	2,770	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	9,988	(28,139)		9,442	(34,965)	
Share of other comprehensive loss of associates	(1,353)	(945)		(1,353)	(945)	
Share of other comprehensive loss of joint ventures	(15,914)	(13,616)		(16,222)	(6,957)	
Realisation of forex exchange reserve upon disposal of a foreign operation in joint venture	(77)	-		29,706	-	
Realisation of forex exchange reserve upon liquidation of a subsidiary	-	(1,881)		970	(1,881)	
Realisation of forex exchange reserve upon disposal of subsidiaries	6,375	-		6,375	-	
Currency translation differences	(17,361)	(47,386)		24,105	16,928	
Cash flow hedges	50	267		213	3,426	
Other comprehensive (loss)/income for the financial period/year, net of tax	(19,725)	(89,515)		51,890	(21,624)	
<b>Total comprehensive income for the financial period/year</b>	<b>78,878</b>	<b>239,770</b>	<b>(67.1)</b>	<b>163,692</b>	<b>1,246,977</b>	<b>(86.9)</b>
<b>Total comprehensive income attributable to:</b>						
- Owners of the Company	51,006	254,185	(79.9)	160,050	1,312,526	(87.8)
- Non-controlling interests	27,872	(14,415)		3,642	(65,549)	
<b>Total comprehensive income for the financial period/year</b>	<b>78,878</b>	<b>239,770</b>	<b>(67.1)</b>	<b>163,692</b>	<b>1,246,977</b>	<b>(86.9)</b>
Earnings per share for profit attributable to the Owners of the Company:						
Basic (sen)	1.97	9.44		2.82	36.44	

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 December 2023**

	Note	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
<b><u>Non-current assets</u></b>			
Property, plant and equipment		7,965,383	7,727,964
Right-of-use assets		2,195,949	2,150,803
Investment properties		66,074	73,779
Intangible assets		889,593	939,983
Interests in associates		58,060	63,631
Interests in joint ventures		593,623	567,412
Deposit and other receivables		160,953	123,557
Deferred tax assets		167,378	231,316
Financial assets at fair value through profit or loss	19	5,340	6,588
Financial assets through other comprehensive income	19	184,131	162,670
Biological assets		4,717	1,491
Tax recoverable		53,287	-
		12,341,500	12,049,194
<b><u>Current assets</u></b>			
Inventories		1,577,230	2,361,423
Receivables		1,365,624	1,615,069
Biological assets		65,087	86,698
Amount due from ultimate holding company		10,573	25,654
Amounts due from joint ventures		155,094	146,887
Amount due from an associate		38	4,300
Amounts due from related companies		63,576	260,895
Tax recoverable		40,753	10,129
Financial assets at fair value through profit or loss	19	89,857	74,767
Derivative financial assets	18	11,935	3,165
Contract assets		26,139	47,298
Deposits, cash and bank balances		1,525,938	1,397,106
		4,931,844	6,033,391
Assets held for sale		-	28,041
		4,931,844	6,061,432
<b>Total assets</b>		<b>17,273,344</b>	<b>18,110,626</b>
<b><u>Equity</u></b>			
Share capital		7,029,889	7,029,889
Reserves		(1,039,479)	(798,232)
<b>Equity attributable to owners of the Company</b>		<b>5,990,410</b>	<b>6,231,657</b>
Non-controlling interests		1,608,041	1,653,028
<b>Total equity</b>		<b>7,598,451</b>	<b>7,884,685</b>



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

	Note	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
<b><u>Non-current liabilities</u></b>			
Borrowings	17	1,142,084	844,066
LLA liability		3,243,197	3,264,463
Derivative financial liabilities	18	11	193
Provision for asset retirement		32,754	32,119
Provision for defined benefit plan		64,007	47,981
Lease liability		350,411	293,738
Deferred tax liabilities		524,742	577,718
		<b>5,357,206</b>	<b>5,060,278</b>
<b><u>Current liabilities</u></b>			
Payables		1,326,251	1,941,029
Loans due to ultimate holding company	17	-	333,316
Amount due to ultimate holding company		276,663	239,203
Amounts due to joint ventures		506	42
Amounts due to associates		331	331
Amounts due to related companies		5,950	24,350
Borrowings	17	2,258,050	1,881,578
Derivative financial liabilities	18	403	17,742
Provision for asset retirement		734	702
Lease liability		61,898	37,621
LLA liability		270,616	415,891
Contract liabilities		103,715	109,359
Current tax liabilities		12,570	164,499
		<b>4,317,687</b>	<b>5,165,663</b>
Total liabilities		<b>9,674,893</b>	<b>10,225,941</b>
<b>Total equity and liabilities</b>		<b>17,273,344</b>	<b>18,110,626</b>
Net assets per share attributable to owners of the Company		<b>1.64</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 December 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 for the financial year	-	-	-	-	103,002	103,002	8,800	111,802
Other comprehensive (loss)/income for the financial year, net of tax:								
<u>Items that will not be reclassified to profit or loss</u>								
- actuarial loss on defined benefit plan	-	-	-	-	(1,074)	(1,074)	(272)	(1,346)
- fair value changes in financial assets at FVOCI	-	-	-	9,442	-	9,442	-	9,442
<u>Items that will be subsequently reclassified to profit or loss</u>								
- currency translation differences	-	29,095	-	-	-	29,095	(4,990)	24,105
- share of other comprehensive loss of joint ventures	-	(16,222)	-	-	-	(16,222)	-	(16,222)
- share of other comprehensive loss of an associate	-	(1,353)	-	-	-	(1,353)	-	(1,353)
- realisation of forex exchange reserve upon disposal of a foreign operation in joint venture	-	29,706	-	-	-	29,706	-	29,706
- realisation of forex exchange reserve upon liquidation of a subsidiary	-	970	-	-	-	970	-	970
- realisation of forex exchange reserve upon disposal of subsidiaries	-	6,375	-	-	-	6,375	-	6,375
- cash flow hedge reserves	-	-	-	109	-	109	104	213
		48,571		109		48,680	(4,886)	43,794
<b>Total other comprehensive income for the financial year</b>	<b>-</b>	<b>48,571</b>	<b>-</b>	<b>9,551</b>	<b>101,928</b>	<b>160,050</b>	<b>3,642</b>	<b>163,692</b>
<u>Transactions with owners</u>								
Accretion of interest in a subsidiary	-	-	-	-	-	-	1,400	1,400
Liquidation of a subsidiary	-	-	-	-	-	-	(1,061)	(1,061)
Disposal of subsidiaries	-	-	-	-	-	-	2,258	2,258
Dividend paid for the financial year ended 31 December 2022 (final)	-	-	-	-	(401,297)	(401,297)	-	(401,297)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(51,226)	(51,226)
Total transactions with owners	-	-	-	-	(401,297)	(401,297)	(48,629)	(449,926)
<b>At 31 December 2023</b>	<b>7,029,889*</b>	<b>116,727</b>	<b>(3,089,497)</b>	<b>39,046</b>	<b>1,894,245</b>	<b>5,990,410</b>	<b>1,608,041</b>	<b>7,598,451</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 2022</b>									
At 1 January 2022	7,029,889	(518)	54,036	(3,089,497)	67,427	1,359,264	5,420,601	1,765,917	7,186,518
Profit/(loss) for the financial year	-	-	-	-	-	1,329,226	1,329,226	(60,625)	1,268,601
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	-	-	-	-	-	2,464	2,464	306	2,770
- fair value changes in financial assets at FVOCI	-	-	-	-	(35,031)	-	(35,031)	66	(34,965)
- realisation of other comprehensive income reserve upon disposal of FVOCI	-	-	-	-	(4,648)	4,648	-	-	-
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	23,903	-	-	-	23,903	(6,975)	16,928
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-	(1,881)	-	-	-	(1,881)	-	(1,881)
- share of other comprehensive loss of joint ventures	-	-	(6,957)	-	-	-	(6,957)	-	(6,957)
- share of other comprehensive loss of an associate	-	-	(945)	-	-	-	(945)	-	(945)
- cash flow hedge reserves	-	-	-	-	1,747	-	1,747	1,679	3,426
	-	-	14,120	-	1,747	-	15,867	(5,296)	10,571
<b>Total other comprehensive income/(loss) for the financial year</b>	-	-	<b>14,120</b>	-	<b>(37,932)</b>	<b>1,336,338</b>	<b>1,312,526</b>	<b>(65,549)</b>	<b>1,246,977</b>
<u>Transactions with owners</u>									
Treasury shares	-	518	-	-	-	-	518	-	518
Liquidation of a subsidiary	-	-	-	-	-	(64,210)	(64,210)	64,210	-
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(291,852)	(291,852)	-	(291,852)
Dividend paid for the financial year ended 31 December 2022 (interim)	-	-	-	-	-	(145,926)	(145,926)	-	(145,926)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(111,550)	(111,550)
Total transactions with owners	-	518	-	-	-	(501,988)	(501,470)	(47,340)	(548,810)
<b>At 31 December 2022</b>	<b>7,029,889</b>	<b>-</b>	<b>68,156</b>	<b>(3,089,497)</b>	<b>29,495</b>	<b>2,193,614</b>	<b>6,231,657</b>	<b>1,653,028</b>	<b>7,884,685</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 December	
	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the financial year</b>	111,802	1,268,601
Adjustments for non-cash items	1,276,979	1,980,428
<b>Operating profit before working capital changes</b>	<b>1,388,781</b>	<b>3,249,029</b>
Changes in working capital	601,064	(504,310)
<b>Cash generated from operations</b>	<b>1,989,845</b>	<b>2,744,719</b>
Interest received	45,853	26,256
Taxation paid, net	(401,466)	(503,679)
Zakat paid	(34,162)	(35,142)
Retirement benefits paid	(2,553)	(5,646)
<b>Net cash generated from operating activities</b>	<b>1,597,517</b>	<b>2,226,508</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(997,106)	(757,875)
Purchase of intangible asset	(9,403)	(6,424)
Purchase of biological asset	-	(502)
Proceeds from disposal of assets held for sale	25,113	11,300
Proceeds from disposal of property, plant and equipment	2,462	5,029
Proceed from disposal of financial assets at fair value through profit or loss	467,225	220,309
Proceed from disposal of financial assets at FVOCI	-	4,648
Proceed from sales of biological assets	-	279
Net cash (outflow)/inflow from liquidation of subsidiary	(92)	4,012
Net cash inflow from disposal in subsidiaries	103,636	-
Additions of financial assets at fair value through profit or loss (net)	(483,675)	(238,527)
Additions of financial assets at FVOCI	(1,997)	(2,706)
Cash inflow from additional investment in a subsidiary	1,400	-
Payment for asset retirement	-	(26)
Dividend received from financial assets FVOCI	3,233	7,046
Dividend received from an associate	2,719	3,156
Dividend received from joint ventures	12,325	26,428
<b>Net cash used in investing activities</b>	<b>(874,160)</b>	<b>(723,853)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	8,701,204	9,359,030
Repayment of borrowings	(8,027,658)	(9,998,370)
Repayment of LLA liability	(300,247)	(477,306)
Dividend paid to shareholders	(401,297)	(437,778)
Dividend paid to non-controlling interest	(51,226)	(111,550)
Finance costs paid	(157,493)	(139,328)
Repayment of loan due to ultimate shareholder	(331,665)	(300,000)
Payments of lease liabilities	(53,011)	(64,690)
<b>Net cash generated used in financing activities</b>	<b>(621,393)</b>	<b>(2,169,992)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>101,964</b>	<b>(667,337)</b>
Effect of foreign exchange rate changes	26,868	32,777
Cash and cash equivalents at beginning of the financial year	1,397,106	2,031,666
<b>Cash and cash equivalents at end of the financial year</b>	<b>1,525,938</b>	<b>1,397,106</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 December 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.



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### Explanatory Notes on the Quarterly Report – 31 December 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 December 2023.

The Board of Directors has agreed to declare a final dividend payment of 3.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM109.44 million for the financial year ended 31 December 2023.



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

**7. Segment Information**

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:

	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ, Others and Elimination RM'000	Total RM'000
<b>Year to date ended 31 December 2023</b>					
Total segment revenue	23,220,460	3,300,710	833,089	336,041	27,690,300
Less: Inter-segment revenue	(7,473,694)	(209,569)	(353,630)	(294,221)	(8,331,114)
<b>Revenue from external customers</b>	<b>15,746,766</b>	<b>3,091,141</b>	<b>479,459</b>	<b>41,820</b>	<b>19,359,186</b>
Finance income	21,977	7,957	14,031	1,888	45,853
Finance costs	(30,865)	(47,760)	(2,358)	(42,586)	(123,569)
Depreciation and amortisation	(572,756)	(80,452)	(83,012)	(18,280)	(754,500)
Fair value changes in LLA liability	(133,706)	-	-	-	(133,706)
Reversal of impairment/ (impairment of):					
- financial assets	12,865	693	358	3	13,919
- non-financials assets	(101,867)	-	-	(8,185)	(110,052)
Share of results of joint ventures	13,679	-	-	11,157	24,836
Share of results of associates	449	-	-	(1,947)	(1,498)
<b>Profit/(loss) before zakat and taxation for the financial year</b>	<b>294,817</b>	<b>(23,145)</b>	<b>148,352</b>	<b>(80,938)</b>	<b>339,086</b>
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>				
Sales of Palm Oil Products	13,262,828	-	-	-	13,262,828
Sales of Refined Sugar	-	3,091,141	-	-	3,091,141
Others	2,483,938	-	479,459	41,820	3,005,217
	<b>15,746,766</b>	<b>3,091,141</b>	<b>479,459</b>	<b>41,820</b>	<b>19,359,186</b>



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 December 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, Others and Elimination RM'000	Total RM'000
<b>Year to date ended 31 December 2022</b>					
Total segment revenue	32,285,034	2,757,977	759,625	290,628	36,093,264
Less: Inter-segment revenue	(9,711,848)	(192,091)	(370,884)	(256,898)	(10,531,721)
<b>Revenue from external customers</b>	<b>22,573,186</b>	<b>2,565,886</b>	<b>388,741</b>	<b>33,730</b>	<b>25,561,543</b>
Finance income	19,285	4,071	2,048	852	26,256
Finance costs	(32,164)	(29,092)	(3,874)	(61,380)	(126,510)
Depreciation and amortisation	(555,527)	(74,539)	(74,002)	(14,079)	(718,147)
Fair value changes in LLA liability	(352,870)	-	-	-	(352,870)
(Impairment of)/reversal of impairment of:					
- financial assets	(9,294)	1,935	(10,265)	(17)	(17,641)
- non-financials assets	(55,205)	-	1,061	(8,949)	(63,093)
Share of results of joint ventures	133,555	-	-	12,609	146,164
Share of results of associates	3,199	-	-	(542)	2,657
<b>Profit/(loss) before zakat and taxation for the financial year</b>	<b>2,117,954</b>	<b>(177,179)</b>	<b>104,249</b>	<b>(89,801)</b>	<b>1,955,223</b>
Disaggregation of the Group's revenue is as follows:					
Sales of Palm Oil Products	18,764,791	-	-	-	18,764,791
Sales of Refined Sugar	-	2,565,886	-	-	2,565,886
Others	3,808,395	-	388,741	33,730	4,230,866
	<b>22,573,186</b>	<b>2,565,886</b>	<b>388,741</b>	<b>33,730</b>	<b>25,561,543</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 2023 (continued)**

**8. Capital Commitments**

	<b>As at 31 December 2023 RM'000</b>	<b>As at 31 December 2022 RM'000</b>
Capital expenditure approved and contracted for:		
- Property, plant and equipment	470,939	330,890
- Intangible assets	364	-
	<b>471,303</b>	<b>330,890</b>

**9. Significant Related Party Transactions**

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

(a) Sales of goods and services

	<b>Year to date ended 31 December</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")	1,011,954	821,700
Sales of Crude Palm Kernel Oil ("CPKO") to FISB Group	175,539	341,793
Sales of CPO by FGVT to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	100,299	292,231
(ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	425,833	423,335
IT services rendered by FGV Prodata Systems Sdn. Bhd. ("Prodata")	47,907	38,564
Security services rendered by FGV Security Services Sdn. Bhd. ("FSSSB")	21,458	22,657



**FGV HOLDINGS BERHAD**

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

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

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

(b) Purchase of goods and services

	Year to date ended 31 December	
	2023 RM'000	2022 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	300,247	477,306
Interest expense charged by FELDA	12,987	28,542
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	133,412	120,961
Purchase of FFB by FGVT	4,070,083	6,770,968
Joint Consultative Committee payment by FGVT	15,926	19,231

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:

Cooking oil subsidy and Joint Industry incentive for sugar received/receivable from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup	202,932	379,360
Windfall tax paid/payable to Royal Malaysian Custom Department	69,446	220,462
CESS payment to Malaysia Palm Oil Board	40,692	46,395
Provision of IT solutions to Kementerian Pendidikan Malaysia	32,187	3,195
Provision of IT solutions to Suruhanjaya Komunikasi dan Multimedia Malaysia	29,915	32,177
Provision of IT solutions to Lembaga Hasil Dalam Negeri Malaysia	8,886	12,979

**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 December 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

On 10 August 2023, the Court of Appeal has granted the application for security for costs by Prodata and Felda and directed VDSL to pay a sum of RM100,000 as security for costs each to the respective solicitors for Prodata and Felda respectively within 21 days from 10 August 2023. The Court of Appeal also has ordered VDSL to pay a sum of RM10,000 as costs (subject to allocatur fee) each to Prodata and Felda respectively. On 29 August 2023, the solicitors have received the payment of RM100,000 from VDSL as security for costs which the solicitors are holding as stakeholder pursuant to the Court of Appeal Order dated 10 August 2023.

On 14 March 2023, the High Court was informed that FGV Prodata and FELDA would like to oppose VDSL’s application to amend the statement of claim. On 12 September 2023 the High Court granted VDSL’s amendment application on the statement of claim. Prodata has filed Re-Amended Defence on 2 November 2023. The Court has fixed 19 March 2024 for the next case management. The Court also has fixed 16 to 19 June 2025 (4 days) for a full trial.



## FGV HOLDINGS BERHAD

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

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

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

- (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 10<sup>th</sup> to 14<sup>th</sup> Defendants’ claim with costs. The High Court also directed the Defendants to file and serve their Amended Defence. On 13 January 2020, the Solicitors of 8<sup>th</sup> 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 10<sup>th</sup> to 14<sup>th</sup> 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 September 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> to 14<sup>th</sup> Defendants Amendment Application for Hearing on 27 November 2023. On 27 November 2023, the Court has allowed both Applications with costs of RM5,000.00 to be borne by the 1<sup>st</sup> Defendant and 10<sup>th</sup> to 14<sup>th</sup> Defendants. The Court has fixed case management on 29 February 2024 to monitor the filing of pleadings by the parties.



## FGV HOLDINGS BERHAD

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

The Plaintiff had further filed an application under Order 14A of the Rules of Court 2012 to request the Court to dispose the suit without the need for full trial.

The hearing before the Judge has fixed on 5 October 2023. During the e-review on 20 September 2023, the Plaintiff has agreed to withdraw the Order 14A application. Therefore Plaintiff’s Order 14A Application has been struck out by the Court with costs of RM1,000 only. Hence the hearing date on 5 October 2023 has been vacated.

The application by the Defendants to amend the Defence (to plead new defences of limitation and res judicata/and or cause of action estoppel) was allowed on 18 September 2023 by the Court.

The solicitors have filed the Notice of Application to strike out the Plaintiff’s claim (based on time limitation and res judicata/and or cause of action estoppel) on 31 October 2023. On 22 February 2024, the Court has been informed that that parties have exchanged their submissions for the striking out application and requested for a hearing date to be fixed. The Court has yet to fix the hearing date.

- (iv) A claim by the Euggne Kousai (Plaintiff) that the sub-leases dated 16.09.1997 and 06.07.1999 in respect of (17) parcels of land were tainted with fraud and legality. The Plaintiff also claims that there is continuing trespass by the Ladang Kluang Sdn. Bhd., indirect subsidiaries of the Company, (“the Defendants”).

The Plaintiff seeks a declaration that the sub-leases are illegal and void as well as damages for the amount of RM10,310,000.

On 25 January 2024, the High Court has allowed the Defendant’s application to set aside the Judgement in Default dated 13 September 2023. On 08 February 2024, the Defendant filed its Defence.

On 23 February 2024, the Court has fixed 15 March 2024 for Pre Trial Case Management (PTCM).

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 2023 (continued)**

**12. Review of Group Performance**

	Quarter ended 31 December			Quarter ended 30 September		Year to date ended 31 December		
	2023 RM'000	2022 RM'000	% + / (-)	2023 RM'000	% + / (-)	2023 RM'000	2022 RM'000	% + / (-)
<b>Revenue</b>	<b>5,364,702</b>	<b>6,098,467</b>	<b>(12.0)</b>	<b>4,907,048</b>	<b>9.3</b>	<b>19,359,186</b>	<b>25,561,543</b>	<b>(24.3)</b>
Plantation	108,195	547,857	(80.3)	110,971	(2.5)	294,817	2,117,954	(86.1)
Sugar	54,276	(46,491)	>100	(31,945)	>100	(23,145)	(177,179)	86.9
Logistics and Others	45,768	30,178	51.7	41,723	9.7	148,352	104,249	42.3
<b>Sector results</b>	<b>208,239</b>	<b>531,544</b>	<b>(60.8)</b>	<b>120,749</b>	<b>72.5</b>	<b>420,024</b>	<b>2,045,024</b>	<b>(79.5)</b>
Corporate HQ, Others and elimination	(26,175)	(63,132)		(37,981)		(80,938)	(89,801)	
<b>Profit before zakat and taxation</b>	<b>182,064</b>	<b>468,412</b>	<b>(61.1)</b>	<b>82,768</b>	<b>&gt;100</b>	<b>339,086</b>	<b>1,955,223</b>	<b>(82.7)</b>
Zakat	(15,790)	(279)		(17,595)		(34,162)	(35,142)	
Taxation	(67,671)	(138,848)		(41,812)		(193,122)	(651,480)	
<b>Profit for the financial period/year</b>	<b>98,603</b>	<b>329,285</b>	<b>(70.1)</b>	<b>23,361</b>	<b>&gt;100</b>	<b>111,802</b>	<b>1,268,601</b>	<b>(91.2)</b>
Profit attributable to:								
<b>Owners of the Company</b>	<b>71,825</b>	<b>344,295</b>	<b>(79.1)</b>	<b>31,982</b>	<b>&gt;100</b>	<b>103,002</b>	<b>1,329,226</b>	<b>(92.3)</b>
Non-controlling interests	26,778	(15,010)		(8,621)		8,800	(60,625)	
<b>Profit for the financial period/year</b>	<b>98,603</b>	<b>329,285</b>	<b>(70.1)</b>	<b>23,361</b>	<b>&gt;100</b>	<b>111,802</b>	<b>1,268,601</b>	<b>(91.2)</b>



## FGV HOLDINGS BERHAD

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

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

##### (A) Current Quarter Ended 31 December 2023 against Previous Year's Corresponding Quarter Ended 31 December 2022

###### Overall

The revenue of the Group declined by 12% to RM5.36 billion on the back of lower average CPO price realised in current quarter. The Group's profit before zakat and taxation also registered a decrease to RM182.06 million for the current quarter compared to RM468.41 million in the corresponding quarter of the previous year primarily attributed to reduced profitability in the Plantation Sector.

Nevertheless, the decline in profit was partially mitigated by enhanced performance in the Logistic and Others Sector, coupled with improvements in the Sugar Sector during the current quarter.

###### (a) Plantation Sector

Profit in Plantation Sector declined to RM108.20 million from RM547.86 million in corresponding quarter of the previous year. The decrease was attributed to the lower palm product margin achieved mainly attributed to lower average CPO price realised of RM3,789 per MT compared to RM4,432 per MT registered in previous year's corresponding quarter. This was further compounded by a 13% increase in CPO production costs ex-mill and a 10% decrease in CPO sales volume.

The Sector's results was further impacted by a reduced margin achieved in downstream business and a lower share of profit in joint ventures of RM10.68 million compared to RM88.38 million in the corresponding quarter of the previous year. The higher share of profit in the previous year's corresponding quarter was attributed to a one-off gain on disposal and the effect of hyperinflationary accounting applied to its joint venture's subsidiary.

The lower results in Plantation Sector were partially mitigated by a decrease in fair value charge on LLA of RM6.92 million compared to RM84.53 million in corresponding quarter of the previous year. Additionally, the losses incurred in the rubber processing business were lower, supported by higher margin resulting from an increase in its selling price.

Operationally, FFB production reduced to 1.05 million MT from 1.13 million MT, while yield decreased to 3.91 MT per hectare from 4.13 MT per hectare in corresponding quarter of the previous year. OER achieved in current quarter was 21.07%, improved from 20.14% registered in corresponding quarter of the previous year.

###### (b) Sugar Sector

The Sugar Sector reported an improvement in this quarter, registered a profit of RM54.28 million as compared to RM46.49 million loss in corresponding quarter of the previous year. The profit was attributed to improved margin achieved, stemming from a higher average selling price, increased overall sales volume and better capacity utilisation. Additionally, the sector received incentives for certain packed sugar sold in the domestic market.

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

The Logistic and Others Sector reported a profit growth of RM45.77 million compared to RM30.18 million reported in the corresponding quarter of the previous year. The increase was primarily attributed to improved profits in the Logistic division, driven by a higher handling rate in the bulking segment and increased income from the IT business in current quarter.



**FGV HOLDINGS BERHAD**

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

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

**(B) Current Financial Year Ended 31 December 2023 against the Previous Financial Year Ended 31 December 2022**

**Overall**

The Group's revenue registered a 24% decline to RM19.36 billion compared to the previous corresponding financial year. Simultaneously, the profit before zakat and taxation of the Group declined to RM339.09 million for the financial year under review compared to the RM1.96 billion reported in previous financial year.

The performance of the Group in the current financial year was negatively impacted by decrease in Plantation Sector's profit. However, this was partially offset by improvement in Logistics and Others Sector and a reduced loss in the Sugar Sector.

**(a) Plantation Sector**

The profit in Plantation Sector registered a significant decrease to RM294.82 million for the financial year ended 31 December 2023, compared to the previous corresponding year of RM2,117.95 million. The decline was primarily attributed to a weaker average CPO price realised of RM3,901 per mt against RM4,832 per mt registered in the previous corresponding financial year. This was further exacerbated by a 29% increase in CPO production costs ex-mill.

Within the Sector, profit margins continued to decrease in downstream and fertiliser businesses. The share of profit from joint ventures decreased from RM133.56 million to RM13.68 million in current financial year. The higher share of profit in the previous year was influenced by a one-off gain on disposal and the effect of hyperinflationary accounting applied to its joint venture's subsidiary.

Higher impairment loss of non-financial assets totaling of RM101.87 million, primarily due to the impairment of Indonesian plantation assets of RM47.97 million and impairment of rubber plantation estates of RM24.77 million compared to a total of RM55.21 million in previous financial year.

The lower profit was partially offset by a lower fair value charge on LLA of RM133.71 million against RM352.87 million registered in the previous financial year and reduced losses in the rubber processing division due to higher margin achieved.

The production of FFB decreased by 9% to 3.64 million MT from 3.99 million MT, resulting in a lower yield of 13.59 mt per hectare compared to 14.57 mt per hectare recorded in the previous financial year. However, the OER achieved was higher at 20.68%, compared to 20.35% registered in the previous financial year.

**(b) Sugar Sector**

Sugar Sector reported a reduced loss of RM23.15 million, a significant improvement from the RM177.18 million loss in the previous corresponding financial year. The lower loss was attributed to an enhanced margin resulting from higher average selling price and sales volume. Additionally, the sector benefited from incentives received for certain packed sugar sold in the domestic market and better capacity utilisation.



## FGV HOLDINGS BERHAD

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

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

##### (B) Current Financial Year Ended 31 December 2023 against the Previous Financial Year Ended 31 December 2022 (continued)

###### (c) Logistic and Others Sector

The Logistic and Others Sector posted a 42% increase in profit to RM148.35 million from RM104.25 million registered in the previous financial year. The profit from the Logistic division increased by 12% driven by the increase in handling rate in the bulking segment, despite achieving a lower throughput volume. Additionally, the profit from Others Sector improved on the back of higher income reported in the IT business. Included in the Others Sector in the previous financial year was impairment loss of RM10.27 million recognised in its receivables.

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

##### Overall

The Group achieved a 9% growth in revenue of RM5.36 billion and improved profit before zakat and taxation of RM182.06 million compared to RM82.77 million registered in the preceding quarter. The increase in profit was attributed to improved results in Sugar Sector coupled with better performance in the Logistics and Other Sectors in the current quarter.

###### (a) Plantation Sector

The Plantation Sector registered a reduced profit of RM108.20 million, down from RM110.97 million in the preceding quarter. This decline was primarily attributable to a lower average CPO price realised in the current quarter at RM3,789 per MT, compared to RM3,879 per MT in the preceding quarter. Additionally, the sector experienced a decrease in margin within the fertiliser business due to a reduction in sales volume in the current quarter.

However, the Sector's lower profit was partially mitigated by a decrease in the fair value charge on LLA of RM6.92 million, compared to RM67.12 million registered in the preceding quarter. Furthermore, the share of profit in joint ventures amounted to RM10.68 million, compared to a share of loss of RM9.55 million in the preceding quarter primarily attributed to a loss on disposal of its subsidiary recognised in the preceding quarter of RM15.39 million.

Operationally, FFB production slightly increased to 1.05 million MT from 1.00 million MT, resulting in a higher yield of 3.91 MT per hectare compared to 3.73 MT per hectare in the preceding quarter. Higher OER at 21.07% was achieved in the current quarter compared to 20.89% registered in the preceding quarter.

###### (b) Sugar Sector

The Sugar Sector's registered a profit of RM54.28 million, shifting from a loss of RM31.95 million in the preceding quarter. The improvement was attributed to higher margin achieved supported by higher average selling price and sales volume, along with better capacity utilisation. Additionally, the sector benefited from incentives received for certain packed sugar sold in the domestic market in the current quarter.



**FGV HOLDINGS BERHAD**

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

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

**(c) Logistics and Others Sector**

The Logistic and Others Sector recorded an increase in profit of RM45.77 million, compared to RM41.72 million in the preceding quarter. The improvement was driven by enhanced profitability in the IT business under the Others Sector in the current quarter.

**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 December	
	2023 RM'000	2022 RM'000
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	656,399	638,740
Depreciation of right-of-use assets	78,816	75,724
Depreciation of investment properties	7,705	7,753
Property, plant and equipment written off	10,202	7,347
Amortisation of intangible assets	11,580	13,497
Gain on disposal of asset held for sale	(8,332)	-
Impairment loss on property, plant and equipment - net	61,912	79,246
Impairment loss on intangible asset	44,686	-
Impairment loss on biological asset	1,082	-
Impairment loss/(reversal of impairment) on asset held for sale	2,372	(15,100)
Net unrealised foreign exchange (gain)/loss	(3,432)	19,461

**16. Taxation**

	Quarter Ended 31 December		Year to date Ended 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Malaysian income tax</b>				
Current financial period/year	(58,561)	(93,931)	(162,567)	(567,875)
Prior financial period/year	2,626	4,892	2,626	16,302
<b>Foreign income tax</b>				
Current financial period/year	(5,991)	(19,487)	(22,219)	(34,001)
<b>Deferred tax</b>				
	(5,745)	(30,322)	(10,962)	(65,906)
	<b>(67,671)</b>	<b>(138,848)</b>	<b>(193,122)</b>	<b>(651,480)</b>

The effective tax rate for the financial year ended 31 December 2023 is 63%, 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. The losses for which deferred tax assets have not been recognised for the financial year were approximately RM254 million.



**FGV HOLDINGS BERHAD**

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

**17. Borrowings**

	As at 31 December 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	-	272,650	-	160,617	-	433,267
Short term trade financing						
- Thai Baht	-	-	48,048	6,178	48,048	6,178
Sukuk	-	348,348	-	50,000	-	398,348
<b>Unsecured</b>						
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,360,054	-	1,360,054
- United States Dollar	-	-	14,959	68,660	14,959	68,660
Short term trade financing	-	-	-	560,970	-	560,970
Sukuk	-	447,655	-	50,000	-	497,655
Hire purchase	-	73,431	-	1,571	-	75,002
<b>Total borrowings</b>		<b>1,142,084</b>		<b>2,258,050</b>		<b>3,400,134</b>

Exchanges rates applied as at 31 December 2023

United States Dollar	4.5900
Thai Baht	13.4309

As at 31 December 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. Certain Sukuk is secured against a land of a subsidiary company.

**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 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	41,667	-	11
<u>Current</u>			
Foreign currency forwards	360,615	4,823	388
Palm oil futures	18,015	7,112	15
	<b>378,630</b>	<b>11,935</b>	<b>403</b>
	<b>420,297</b>	<b>11,935</b>	<b>414</b>



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**Explanatory Notes on the Quarterly Report – 31 December 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 December 2023.

<u>31 December 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	7,112	4,823	-	11,935
- Trading securities	95,197	-	-	95,197
Financial assets at FVOCI	3,256	-	174,828	178,084
Total assets	<u>105,565</u>	<u>4,823</u>	<u>174,828</u>	<u>285,216</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,513,813	3,513,813
- Derivatives	14	399	-	414
Total liabilities	<u>14</u>	<u>399</u>	<u>3,513,813</u>	<u>3,514,227</u>

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

	Financial year ended 31 December 2023 RM'000	Financial year ended 31 December 2022 RM'000
<u>LLA liability</u>		
1 January	3,680,354	3,804,790
Fair value changes charged to profit or loss	133,706	352,870
Repayment during the financial year:		
- Fixed lease payments	(243,507)	(243,624)
- Share of profits	(56,740)	(233,682)
31 December	<u>3,513,813</u>	<u>3,680,354</u>
<u>Financial assets at FVOCI</u>		
1 January	159,407	198,594
Addition	1,997	2,706
Disposal	-	(4,648)
Fair value changes	9,442	(35,253)
Currency translation differences	3,982	(1,992)
31 December	<u>174,828</u>	<u>159,407</u>



**FGV HOLDINGS BERHAD**

**Explanatory Notes on the Quarterly Report – 31 December 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 31 December 2023.

**20. Earnings Per Share**

	Quarter ended 31 December		Year to date ended 31 December	
	2023	2022	2023	2022
Profit for the financial period/year attributable to owners of the Company (RM'000)	71,825	344,295	103,002	1,329,226
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>1.97</b>	<b>9.44</b>	<b>2.82</b>	<b>36.44</b>

**21. Status of Corporate Proposals**

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

**22. Significant Events**

(i) On 30 June 2023, the Board of Directors of FGV and Maybank Investment Bank Berhad announced that the Company proposes to undertake the following:

- a) proposed bonus issue of up to 364,815,150 new Islamic redeemable preference shares in FGV (“FGV RPS-i”) on the basis of one (1) FGV RPS-i for every ten (10) existing ordinary shares held in FGV on an entitlement date to be determined later (“Proposed Bonus Issue”). The FGV RPS-i will be issued at RM0.10 per FGV RPS-i (“Issue Price”); and
- b) proposed amendments to the Constitution of FGV (“Proposed Amendments”).

(collectively referred to as “Proposals”)

The main objective of the Proposed Bonus Issue is to provide FGV’s shareholders with better exposure, via preferential dividends, to the distributable profits of the key companies under FGV which are involved in upstream plantation activities namely, FGV Plantations (Malaysia) Sdn Bhd (“FGVPM”), an indirect wholly-owned subsidiary of FGV, and FGV Palm Industries Sdn Bhd (“FGVPI”), a 72% indirect subsidiary of FGV in accordance with the terms of the FGV RPS-i. The Proposed Bonus Issue is subject to being approved by the shareholders of the Company and any other relevant parties.



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

### **22. Significant Events (continued)**

On 15 August 2023, FGV announced that the application to the Shariah Advisory Council of the Securities Commission Malaysia (“SC(SAC)”) to seek its approval for the structure of the FGV RPS-i has been submitted. SC(SAC) had, vide its letter dated 2 October 2023 informed that it has no objection to the Proposed Bonus Issue.

On 22 September 2023, FGV announced that the application for the listing and quotation of the FGV RPS-i on the Main Market of Bursa Securities has been submitted to Bursa Securities. Bursa Securities had, vide its letter dated 10 October 2023 resolved to approve:

- a) the admission of up to 364,815,150 FGV RPS-i to the Official List of Bursa Securities; and
- b) the listing and quotation of up to 364,815,150 FGV RPS-i to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities. The approval granted by Bursa Securities is subject to, among others, with certain conditions.

On 30 October 2023, FGV announced that an application to seek Bursa Securities’ approval for an extension of time until 13 February 2024 for FGV to issue the Circular in relation to the Proposals had been submitted.

On 29 November 2023, FGV announced that Bursa Securities, vide its letter dated 4 September 2023, granted an extension of time to comply with the public shareholding spread requirement for a further six (6) months from 3 September 2023 until the expiration of the extension on 2 March 2024 after taking into consideration of all circumstances of the matter.

On 21 February 2024, FGV announced that Bursa Securities had, vide its letter dated 20 February 2024, resolved to grant FGV a further extension of time until 13 August 2024 to issue the circular in relation to the Proposals (“Circular”) to comply with Paragraph 9.33(1)(b) of the Listing Requirements.

- (ii) In relation to the first issuance of Sukuk Murabahah of RM500.0 million pursuant to the Sukuk Murabahah Programme on 31 December 2021, FGV, on 15 December 2023, announced that the Company has upsized the Sukuk Murabahah Programme from up to RM500.0 million to RM3.0 billion in nominal value (“Upsizing of the Sukuk Murabahah Programme”) and revised certain terms and conditions of the Sukuk Murabahah Programme.

The Sukuk Murabahah to be issued under the Sukuk Murabahah Programme may be issued on a rated, unrated or a combination of rated and unrated as the Issuer may decide prior to each issuance. FGV has obtained confirmation of preliminary rating of AA-IS from MARC Ratings Berhad vide its letter dated 11 December 2023.

The proceeds from the issuance of the Sukuk Murabahah shall be utilised to fund FGV group of companies’ (“FGV Group”) capital expenditure, working capital and other general corporate purposes and to refinance the existing Islamic financing or borrowing or future Islamic financing of FGV Group. For the avoidance of doubt, all utilisation of proceeds raised under the Sukuk Murabahah shall at all times be Shariah-compliant.

### **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 December 2023 (continued)**

**24. Prospects**

The palm industry anticipates that the global palm oil supply for the export market will be affected by the implementation of the B35 biodiesel mandate in Indonesia, weak demand from major importing countries and price competition from rapeseed and sunflower oils. Consequently, this is expected to influence the CPO price to range between RM3,900 and RM4,200 per MT.

In the coming quarters, our Plantation Sector foresees a slight increase in FFB production and yield as the labour supply recovers and improved estate costs driven by reduced fertiliser and energy cost. The sector remains steadfast on increasing yield, replanting with higher-yielding seeds and enhancing mechanisation. In terms of sustainability, the independent assessor is currently conducting a follow-up assessment of our remediation plan. The Group aims to submit a petition to CBP to modify the Withhold Release Order (WRO) in 2024.

Despite persistent challenges, the Sugar Sector continuously seeks opportunities to improve product offerings while engaging with the government to finalise a sustainable pricing mechanism for the domestic retail segment to ensure food security. Moreover, as the rectification plan continues in the Johor refinery, capacity utilisation is projected to improve further in 2024. The introduction of new premium white sugar in the market is also expected to contribute significantly to the Company.

The Logistics Sector continues to explore market expansion opportunities by expanding its bulking capacity and managing a higher volume of high-value products, including premium products and renewable energy. This strategy also involves diversifying product handling to mitigate the impact of fluctuations in palm production on overall tonnage.

Barring any unforeseen circumstances, the Board anticipates that the Group's financial performance will be satisfactory.

By Order of the Board

Azni Ariffin  
Company Secretary

26 February 2024