



FGV HOLDINGS BERHAD

200701042133 (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2022**



FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter ended 31 March 2022

		Year to date ended 31 March		
Note	2022 RM'000	2021 RM'000	% + / (-)	
	Revenue	5,853,761	3,393,491	72.5%
	Cost of sales	(5,015,040)	(3,041,267)	
	Gross profit	838,721	352,224	>100%
	Other operating income	29,915	42,781	
	Selling and distribution costs	(37,171)	(33,469)	
	Administrative expenses	(186,572)	(178,695)	
	Impairment loss of financial assets (net)	(7,989)	(6,862)	
	Other operating expenses	(2,425)	(1,497)	
	Commodity gains - net	33,853	11,247	
	Operating profit	668,332	185,729	>100%
	Fair value changes in Land Lease Agreement ("LLA") liability	(159,140)	(143,750)	
	Operating profit after LLA	509,192	41,979	>100%
	Finance income	4,186	3,987	
	Finance costs	(35,682)	(32,639)	
	Share of results from associates	474	(503)	
	Share of results from joint ventures	22,893	2,173	
	Profit before zakat and taxation	501,063	14,997	>100%
	Zakat	(1,157)	762	
	Taxation	(133,326)	(29,540)	
	Profit/(loss) for the financial period	366,580	(13,781)	>100%
	Profit/(loss) attributable to:			
	- Owners of the Company	369,236	(35,421)	>100%
	- Non-controlling interests	(2,656)	21,640	
		366,580	(13,781)	>100%
	Other comprehensive income/(loss)			
	Actuarial gains on defined benefit plan	57	319	
	Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	6,084	(376)	
	Share of other comprehensive income/(loss) of joint ventures	1,395	(58)	
	Currency translation differences	1,559	28,615	
	Cash flow hedges	391	2,437	
	Other comprehensive income for the financial period, net of tax	9,486	30,937	
	Total comprehensive income for the financial period	376,066	17,156	>100%
	Total comprehensive income attributable to:			
	- Owners of the Company	380,774	(7,507)	>100%
	- Non-controlling interests	(4,708)	24,663	
	Total comprehensive income for the financial period	376,066	17,156	>100%
	Earnings per share for profit attributable to the Owners of the Company:			
	Basic (sen)	20	10.12	(0.97)

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 2021.



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Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2022

	Note	Unaudited As at 31 March 2022 RM'000	Audited As at 31 December 2021 RM'000
<u>Non-current assets</u>			
Property, plant and equipment		7,676,762	7,674,392
Right-of-use assets		2,192,345	2,196,084
Investment properties		78,466	81,531
Intangible assets		946,460	948,382
Interests in associates		65,255	65,074
Interests in joint ventures		475,092	454,714
Amount due from ultimate holding company		14,681	14,681
Amount due from related company		9,107	9,107
Deposit and other receivables		135,209	137,066
Deferred tax assets		310,868	295,131
Financial assets at fair value through profit or loss	19	30,919	-
Financial assets through other comprehensive income	19	208,610	201,569
Biological assets		1,146	2,228
		12,144,920	12,079,959
<u>Current assets</u>			
Inventories		2,422,699	1,914,403
Receivables		2,215,104	1,346,150
Biological assets		158,052	113,791
Amount due from ultimate holding company		21,574	36,521
Amounts due from joint ventures		173,343	205,274
Amounts due from related companies		64,573	66,801
Tax recoverable		7,698	12,762
Financial assets at fair value through profit or loss	19	49,092	79,136
Derivative financial assets	18	35	3,539
Contract assets		31,261	42,151
Deposits, cash and bank balances		1,161,566	2,031,666
		6,304,997	5,852,194
Assets held for sale		12,941	24,241
		6,317,938	5,876,435
Total assets		18,462,858	17,956,394
<u>Equity</u>			
Share capital		7,029,889	7,029,889
Treasury shares		(518)	(518)
Reserves		(1,519,848)	(1,608,770)
Equity attributable to owners of the Company		5,509,523	5,420,601
Non-controlling interests		1,761,209	1,765,917
Total equity		7,270,732	7,186,518



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Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2022 (continued)

	Note	Unaudited As at 31 March 2022 RM'000	Audited As at 31 December 2021 RM'000
<u>Non-current liabilities</u>			
Borrowings	17	1,009,896	1,033,140
Loans due to ultimate holding company	17	632,151	632,151
LLA liability		3,343,282	3,314,874
Derivative financial liabilities	18	3,230	3,571
Provision for asset retirement		41,648	41,349
Provision for defined benefit plan		51,114	51,136
Lease liability		271,728	294,581
Deferred tax liabilities		593,607	575,740
Payables		15,196	10,189
		5,961,852	5,956,731
<u>Current liabilities</u>			
Payables		1,419,116	1,414,444
Loans due to ultimate holding company	17	10,226	2,514
Amount due to ultimate holding company		444,926	276,082
Amounts due to associates		1,072	351
Amounts due to related companies		2,361	15,970
Borrowings	17	2,536,092	2,330,357
Derivative financial liabilities	18	11,389	3,749
Provision for asset retirement		673	666
Lease liability		52,329	27,518
LLA liability		489,916	489,916
Contract liabilities		137,104	132,340
Current tax liabilities		125,070	119,238
		5,230,274	4,813,145
Total liabilities		11,192,126	10,769,876
Total equity and liabilities		18,462,858	17,956,394
Net assets per share attributable to owners of the Company		<u>1.51</u>	<u>1.49</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2021.



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Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital RM'000	Treasury shares RM'000	Foreign exchange Reserve RM'000	Re-organisation reserve RM'000	Other Reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Year to date ended 31 March 2022									
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 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
Total other comprehensive income/(loss) for the financial period	-	-	5,326	-	6,155	369,293	380,774	(4,708)	376,066
<u>Transactions with owners</u>									
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(291,852)	(291,852)	-	(291,852)
Total transactions with owners	-	-	-	-	-	(291,852)	(291,852)	-	(291,852)
At 31 March 2022	7,029,889	(518)	59,362	(3,089,497)	73,582	1,436,705	5,509,523	1,761,209	7,270,732



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

* 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 2021.



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Unaudited Condensed Consolidated Statement of Cash Flows

	Year to date ended 31 March	
	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the financial period	366,580	(13,781)
Adjustments for non-cash items	466,415	360,898
Operating profit before working capital changes	832,995	347,117
Changes in working capital	(1,136,643)	(236,546)
Cash (used in)/generated from operations	(303,648)	110,571
Interest received	4,186	3,987
Taxation paid, net	(116,106)	(23,055)
Zakat paid	(1,157)	762
Retirement benefits paid	(1,512)	-
Net cash (used in)/generated from operating activities	(418,237)	92,265
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(164,073)	(79,645)
Purchase of intangible asset	(1,182)	(299)
Proceeds from liquidation of a joint venture	-	1,519
Proceeds from disposal of property, plant and equipment	77	-
Additions of financial assets at FVOCI	-	(1,112)
Additions of financial assets at fair value through profit or loss (net)	(3,562)	-
Dividend received from an associate	293	540
Dividend received from joint ventures	3,502	2,986
Net cash used in investing activities	(164,945)	(76,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,944,721	2,139,056
Repayment of borrowings	(1,769,399)	(2,227,647)
Repayment of LLA liability	(130,732)	(75,149)
Dividend paid to shareholders	(291,852)	(109,445)
Dividend paid to non-controlling interest	-	(24,946)
Finance costs paid	(31,653)	(40,305)
Payments of lease liabilities	(7,299)	(2,214)
(Increase)/decrease in restricted cash	(76)	4,657
Net cash used in from financing activities	(286,290)	(335,993)
Net decrease in cash and cash equivalents	(869,472)	(319,739)
Effect of foreign exchange rate changes	(704)	16,637
Cash and cash equivalents at beginning of the financial period/year	1,967,191	1,665,457
Cash and cash equivalents at end of the financial period/year	1,097,015	1,362,355
Deposits, cash and bank balances	1,161,566	1,421,435
Less: Restricted cash	(64,551)	(59,080)
Cash and cash equivalents at end of the financial year	1,097,015	1,362,355

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 2021.



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Explanatory Notes on the Quarterly Report – 31 March 2022

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 2021. 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 2021.

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 2021.

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

Effective annual periods beginning on or after 1 January 2022

- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases 'Lease Incentives'
- Annual improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'

The effective accounting pronouncements have been adopted by the Group.

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

Effective annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of liabilities as current and non-current'
- 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 related to Assets and Liabilities arising from a Single Transaction'

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 March 2022 (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

The final single tier dividend of 8.0 sen per share for the financial year ended 31 December 2021 amounting to RM291.85 million was paid on 31 March 2022.



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Explanatory Notes on the Quarterly Report – 31 March 2022 (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 2022

	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Corporate HQ and Elimination RM'000	Total RM'000
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)
Revenue from external customers	5,164,789	593,428	87,592	7,952	5,853,761

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 of)/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

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

517,868	(30,780)	21,921	(7,946)	501,063
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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

4,145,355	-	-	-	4,145,355
-	593,428	-	-	593,428
1,019,434	-	87,592	7,952	1,114,978
5,164,789	593,428	87,592	7,952	5,853,761



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Explanatory Notes on the Quarterly Report – 31 March 2022 (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
Year to date ended 31 March 2021					
Total segment revenue	4,193,469	523,694	139,997	69,388	4,926,548
Less : Inter-segment revenue	(1,397,866)	(8,779)	(62,708)	(63,704)	(1,533,057)
Revenue from external customers	2,795,603	514,915	77,289	5,684	3,393,491
Finance income	2,472	597	794	124	3,987
Finance costs	(15,404)	(10,427)	(628)	(6,180)	(32,639)
Depreciation and amortisation	(130,205)	(20,290)	(15,556)	(3,689)	(169,740)
Fair value changes in LLA liability	(143,750)	-	-	-	(143,750)
(Impairment of)/reversal of impairment of:					
- financial assets	(4,399)	(2,195)	(268)	-	(6,862)
- non-financials assets	24	-	-	-	24
Share of results of joint ventures	2,173	-	-	-	2,173
Share of results of associates	160	-	-	(663)	(503)
(Loss)/profit before zakat and taxation for the financial period	(52,797)	50,677	13,762	3,355	14,997
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>				
Sales of Palm Products Oils	2,156,001	-	-	-	2,156,001
Sales of Sugar	-	514,915	-	-	514,915
Others	639,602	-	77,289	5,684	722,575
	2,795,603	514,915	77,289	5,684	3,393,491



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

8. Capital Commitments

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Capital expenditure approved and contracted for: - Property, plant and equipment	168,808	124,368
	168,808	124,368

9. Significant Related Party Transactions

(l) Related party transactions for the financial year ended 31 March 2022 and 31 March 2021 are as follows:

(a) Sales of goods and services

	Year to date ended 31 March	
	2022 RM'000	2021 RM'000
(i) Transactions with joint ventures		
Sales of CPO by FGV Trading Sdn. Bhd. ("FGVT") to FGV Iffco Sdn. Bhd. Group ("FISB Group")	194,308	106,560
Sales of Crude Palm Kernel Oil ("CPKO"), Refined Bleached Deodorised Palm Kernel Oil ("RBDPKO") and Palm Kernel Fatty Acid Distillate ("PKFAD") by FGV Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	118,799	31,715
Sales of CPO by FGVT and FGV Palm Industries Sdn. Bhd. ("FGVPI") to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	73,220	100,002
(ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	40,920	59,881
IT services rendered by FGV Prodata Systems Sdn. Bhd. ("Prodata")	8,682	5,821
Security services rendered by FGV Security Services Sdn. Bhd. ("FSSSB")	5,556	5,588



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

9. Significant Related Party Transactions (continued)

(i) Related party transactions for the financial year ended 31 March 2022 and 31 March 2021 are as follows: (continued)

(b) Purchase of goods and services

	Year to date ended 31 March	
	2022 RM'000	2021 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid/payable by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	130,732	75,149
Interest expense charged by FELDA	7,712	10,544
Compensation received by FGVP	2,032	15,343
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	34,755	36,421
Purchase of FFB by FGVT	1,774,790	902,012

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:

Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	128,201	31,864
CESS payment to MPOB	9,000	7,238

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.



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

The Court has fixed the mediation on 11 March 2022. However, upon the application by VDSL to adjourn the mediation, the Court has fixed new date for mediation on 11 May 2022. The Court has fixed 2 June 2022 for hearing of all the interlocutory applications.

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 10th to 14th Defendants’ claim with costs. The High Court also directed the Defendants to file and serve their Amended Defence and has fixed the Company’s action for case management on 13 January 2020. 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 next case management at the High Court is fixed on 3 June 2022. Currently High Court is still in the midst of assigning a new Court after the 9th Defendants’ application to recuse the current Court’s Judge from hearing the case has been approved.

Meanwhile, the Federal has fixed a new hearing date for Leave Application on 27 June 2022 and the case management for the said hearing is fix on 13 June 2022.

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



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

12. Review of Group Performance

	Quarter ended 31 March			Quarter ended 31 December		Year to date ended 31 March		
	2022 RM'000	2021 RM'000	% + / (-)	2021 RM'000	% + / (-)	2022 RM'000	2021 RM'000	% + / (-)
Revenue	5,853,761	3,393,491	72.5	6,174,850	(5.2)	5,853,761	3,393,491	72.5
Plantation	517,868	(52,797)	>100	699,267	(25.9)	517,868	(52,797)	>100
Sugar	(30,780)	50,677	<100	(6,233)	<100	(30,780)	50,677	<100
Logistics and Others	21,921	13,762	59.3	37,601	(41.7)	21,921	13,762	59.3
Sector results	500,009	11,642	>100	730,635	(30.3)	500,009	11,642	>100
Corporate HQ and elimination	(7,946)	3,355		(41,104)		(7,946)	3,355	
Profit before zakat and taxation	501,063	14,997	>100	689,531	(27.3)	501,063	14,997	>100
Zakat	(1,157)	762		(14,985)		(1,157)	762	
Taxation	(133,326)	(29,540)		(250,719)		(133,326)	(29,540)	
Profit/(loss) for the financial period	366,580	(13,781)	>100	423,827	(13.5)	366,580	(13,781)	>100
Profit/(loss) attributable to:								
Owners of the Company	369,236	(35,421)	>100	465,085	(20.6)	369,236	(35,421)	>100
Non-controlling interests	(2,656)	21,640		(41,258)		(2,656)	21,640	
Profit/(loss) for the financial period	366,580	(13,781)	>100	423,827	(13.5)	366,580	(13,781)	>100



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

12. Review of Group Performance (continued)

(A) Current Quarter Ended 31 March 2022 against Previous Year's Corresponding Quarter Ended 31 March 2021

Overall

The Group's profit before zakat and taxation increased to RM501.06 million for the current quarter compared to RM15.00 million in the corresponding quarter of the previous year. This was due to stronger results in Plantation Sector driven by higher CPO price and improved results in Logistics Sector while Sugar Sector recorded a loss in current quarter.

(a) Plantation Sector

Profit in Plantation Sector jumped to RM517.87 million from RM52.80 million loss in corresponding quarter of the previous year on the back of higher average CPO price realised of RM5,058 per MT compared to RM3,172 per MT in previous year's corresponding quarter coupled with higher CPO sales volume in current quarter by 28%.

The improved performance of the Sector for the current quarter was also underpinned by improvement in downstream and fertiliser businesses and higher share of results from joint ventures from RM2.17 million to RM22.89 million reported in current quarter. The Sector's profit was partially offset with the higher fair value charge on LLA of RM159.14 million compared to RM143.75 million in corresponding quarter of the previous year.

Operationally, FFB production rose to 0.83 million MT from 0.74 million MT, while yield increased to 3.02 MT per hectare in current quarter. OER achieved in current quarter was 20.28%, improved from 20.05% registered in corresponding quarter of the previous year.

(b) Sugar Sector

Sugar Sector reported a loss of RM30.78 million compared to RM50.68 million profit in corresponding quarter of the previous year. This was mainly attributed to lower gross margin due to higher raw sugar, freight and gas costs incurred in current quarter compared to the same quarter last year despite increase in overall average selling price in current quarter.

(c) Logistics and Others Sector

Logistic and Others Sector reported a higher profit in current quarter of RM21.92 million compared to RM13.76 million corresponding quarter of the previous year. Logistic division reported an increase in profit by 59% compared to corresponding quarter of the previous year in tandem with higher FFB production reported in Plantation Sector and higher long term throughput handled and lower cost in current quarter.



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

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

Overall

The revenue of the Group decreased by 5% to RM5.85 billion while the profit before zakat and taxation for the Group decreased to RM501.06 million compared to RM689.53 million in preceding quarter. The lower profit was mainly due to fair value charge on LLA instead of fair value gain recognised in preceding quarter. This was further compounded by the lower results reported in Logistic and Sugar Sector in current quarter.

(a) **Plantation Sector**

Profit in Plantation Sector reduced by 26% to RM517.87 million compared to RM699.27 million in preceding quarter.

In preceding quarter, the Sector recorded a fair value gain on LLA of RM66.46 million mainly due to revision in the yield assumption used in arriving at LLA liability compared to fair value charge on LLA of RM159.14 million. Excluding the fair value on LLA, the Sector reported an increase of 7% to RM677.01 million compared to RM632.81 million in preceding quarter mainly attributed to higher average CPO price realised of RM5,058 per MT compared to RM4,194 per MT in preceding quarter.

The better performance was also contributed by the improved volume and margin in downstream and fertiliser businesses and profit from share of results in joint ventures of RM22.89 million compared to RM15.89 million loss recognised in preceding quarter.

Operationally, FFB production dropped to 0.83 million MT from 1.05 million MT in preceding quarter, hence yield also decreased to 3.02 MT per hectare. OER decreased to 20.28% in current quarter compared to 21.05% registered in preceding quarter.

(b) **Sugar Sector**

Sugar Sector reported a loss of RM30.78 million compared to RM6.23 million loss in preceding quarter mainly attributed to lower sales volume and decrease in overall margin due to rising raw sugar and gas costs.

(c) **Logistics and Others Sector**

Logistic and Others Sector recorded lower profit of RM21.92 million compared to RM37.60 million in preceding quarter. Logistics division reported lower profit by 10% due to decrease in throughput handled. Included in preceding quarter was a net reversal of impairment of RM12.57 million.



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Explanatory Notes on the Quarterly Report – 31 March 2022 (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	
	2022 RM'000	2021 RM'000
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	168,519	148,993
Depreciation of right-of-use assets	15,777	14,217
Depreciation of investment properties	3,065	3,065
Property, plant and equipment written off	2,573	40
Amortisation of intangible assets	3,167	3,465
Reversal of impairment loss on property, plant and equipment - net	(6,100)	(24)
Net unrealised foreign exchange gain	(2,976)	(8,738)

16. Taxation

	Year to date ended 31 March	
	2022 RM'000	2021 RM'000
Malaysian income tax		
Current financial period	(127,002)	(40,749)
Foreign income tax		
Current financial period	(4,194)	(1,688)
Deferred tax	(2,130)	12,897
	(133,326)	(29,540)

The effective tax rate for the financial period ended 31 March 2022 is 27%, 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.



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

17. Borrowings

	As at 31 March 2022					
	Long term		Short term		Total borrowings	
	Foreign currency	RM'000 Equivalent	Foreign currency	RM'000 Equivalent	Foreign currency	RM'000 Equivalent
Secured						
Islamic term loans	-	500,843	-	133,803	-	634,666
Islamic short term trade financing	-	12,602	-	-	-	12,602
Short term trade financing						
- United States Dollar	-	-	6,235	26,223	6,235	26,223
- Thai Baht	-	-	385,997	4,420	385,997	4,420
Unsecured						
Loan due to ultimate holding company	-	632,151	-	10,226	-	642,377
Sukuk	-	496,451	-	-	-	496,451
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	2,036,679	-	2,036,679
- United States Dollar	-	-	751	3,157	751	3,157
Short term trade financing	-	-	-	331,810	-	331,810
Total borrowings		1,642,047		2,546,318		4,188,365

Exchanges rates applied as at 31 March 2022

United States Dollar	4.2060
Thai Baht	12.6287

As at 31 March 2022, 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 2022 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 2022 are as follows:

	Contractual/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<u>Non-current</u>			
Islamic profit rate swap	187,500	-	3,230
<u>Current</u>			
Foreign currency forwards	779,045	35	1,358
Palm oil futures	49,124	-	9,312
Brent crude oil option futures	1,068	-	719
	730,989	35	11,389
	918,489	35	14,619



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Explanatory Notes on the Quarterly Report – 31 March 2022 (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 2021. 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 2022.

<u>31 March 2022</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	-	35	-	35
- Trading securities	80,011	-	-	80,011
Financial assets at FVOCI	3,532	-	205,078	208,610
Total assets	<u>83,543</u>	<u>35</u>	<u>205,078</u>	<u>288,656</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,833,198	3,833,198
- Derivatives	13,261	1,358	-	14,619
Total liabilities	<u>13,261</u>	<u>1,358</u>	<u>3,833,198</u>	<u>3,847,817</u>

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

	Year to date ended 31 March 2022 RM'000	Financial year ended 31 December 2021 RM'000
<u>LLA liability</u>		
1 January	3,804,790	4,213,824
Fair value changes charged to profit or loss	159,140	3,984
Repayment during the financial period/year:		
- Fixed lease payments	(60,908)	(243,552)
- Share of profits	(69,824)	(169,466)
31 March / December	<u>3,833,198</u>	<u>3,804,790</u>
<u>Financial assets at FVOCI</u>		
1 January	198,594	140,685
Addition	-	3,541
Fair value changes	6,485	54,499
Currency translation differences	-	(131)
31 March / December	<u>205,079</u>	<u>198,594</u>



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

20. Earnings Per Share

	Year to date ended 31 March	
	2022	2021
Profit for the financial period attributable to owners of the Company (RM'000)	369,236	(35,421)
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152
Basic earnings per share (sen)	10.12	(0.97)

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.



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Explanatory Notes on the Quarterly Report – 31 March 2022 (continued)

23. Prospects

As the country transitions to the endemic phase and reopening of international borders, the economy is expected to strengthen and gain further momentum in the second half of 2022. The supply disruption of competing edible oils caused by the Ukraine war is expected to maintain the CPO price at RM4,500 to RM5,000 per MT in 2022.

While labour shortages remain critical, FGV is projecting gradual recovery as workers are expected to arrive in Q3 2022 onwards from the reopening of international borders and various recruitment efforts initiated by the government. Meanwhile, FGV will continue to focus on optimising its capabilities in harvesting, crop recovery and replanting effort to ensure the operating performance of the Group in the long run.

FGV Sugar Sector remains committed with the execution of strategies to streamline resources, strengthen customer engagements and heighten Environment, Social and Governance (“ESG”) initiatives in establishing a sustainable sugar supply chain. Similarly, FGV Logistics Sector shall continue to explore external opportunities through capacity expansion and business collaboration.

With the Group continuing to focus on its core businesses, the Board is confident that the elevated CPO price will have a positive impact on the Group’s financial result for 2022.

By Order of the Board

Koo Shuang Yen
Company Secretary

31 May 2022