



FGV HOLDINGS BERHAD

200701042133 (800165-P)

QUARTERLY REPORT

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



FGV HOLDINGS BERHAD

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

Note	Quarter ended 31 December			Year to date ended 31 December		
	2022 RM'000	2021 RM'000	% + / (-)	2022 RM'000	2021 RM'000	% + / (-)
Revenue	6,100,776	6,174,850	-1.2%	25,563,852	19,565,891	30.7%
Cost of sales	(5,220,785)	(5,226,263)		(22,131,392)	(16,891,822)	
Gross profit	879,991	948,587	-7.2%	3,432,460	2,674,069	28.4%
Other operating income	42,114	18,576		151,551	95,113	
Selling and distribution costs	(90,888)	(64,716)		(284,486)	(203,935)	
Administrative expenses	(273,114)	(237,321)		(892,369)	(801,475)	
(Impairment loss)/reversal of impairment of financial asset (net)	(4,140)	8,314		(1,388)	722	
Other operating expenses	(46,073)	(41,084)		(99,986)	(69,693)	
Commodity (losses)/gains - net	(17,088)	(9,243)		(39,743)	87,959	
Operating profit	490,802	623,113	-21.2%	2,266,039	1,782,760	27.1%
Fair value changes in Land Lease Agreement ("LLA") liability	(84,526)	66,455		(352,870)	(3,984)	
Operating profit after LLA	406,276	689,568	-41.1%	1,913,169	1,778,776	7.6%
Finance income	9,658	9,381		26,256	22,728	
Finance costs	(26,828)	(14,431)		(109,818)	(126,933)	
Share of results from associates	1,524	2,573		2,658	3,551	
Share of results from joint ventures	73,510	2,440		118,686	35,858	
Profit before zakat and taxation	464,140	689,531	-32.7%	1,950,951	1,713,980	13.8%
Zakat	(279)	(14,985)		(35,142)	(17,406)	
Taxation	(141,161)	(250,719)		(653,793)	(520,996)	
Profit for the financial period/year	322,700	423,827	-23.9%	1,262,016	1,175,578	7.4%
Profit attributable to:						
- Owners of the Company	337,710	465,085	-27.4%	1,322,641	1,167,874	13.3%
- Non-controlling interests	(15,010)	(41,258)		(60,625)	7,704	
	322,700	423,827	-23.9%	1,262,016	1,175,578	7.4%
Other comprehensive income/(loss)						
Actuarial gains on defined benefit plan	1,287	19,198		1,872	19,517	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	(1,130)	58,245		(7,956)	53,908	
Share of other comprehensive (loss)/income of associates	(945)	531		(945)	531	
Share of other comprehensive (loss)/income of joint ventures	(13,616)	(44)		(6,957)	(597)	
Currency translation differences	(47,386)	14		16,928	23,580	
Realisation of foreign exchange reserve upon liquidation of a subsidiary	(1,881)	-		(1,881)	-	
Cash flow hedges	267	1,494		3,426	5,543	
Other comprehensive (loss)/income for the financial period/year, net of tax	(63,404)	79,438		4,487	102,482	
Total comprehensive income for the financial period/year	259,296	503,265	-48.5%	1,266,503	1,278,060	-0.9%
Total comprehensive income attributable to:						
- Owners of the Company	273,711	542,401	-49.5%	1,332,052	1,269,363	4.9%
- Non-controlling interests	(14,415)	(39,136)		(65,549)	8,697	
Total comprehensive income for the financial period/year	259,296	503,265	-48.5%	1,266,503	1,278,060	-0.9%

Earnings per share for profit attributable to
the Owners of the Company:
Basic (sen)

9.26

12.75

36.26

32.01

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 December 2022

	Note	Unaudited As at 31 December 2022 RM'000	Audited As at 31 December 2021 RM'000
<u>Non-current assets</u>			
Property, plant and equipment		7,721,096	7,674,392
Right-of-use assets		2,149,120	2,196,084
Investment properties		73,779	81,531
Intangible assets		939,983	948,382
Interests in associates		63,631	65,074
Interests in joint ventures		539,934	454,714
Amount due from ultimate holding company		-	14,681
Amount due from related company		-	9,107
Deposit and other receivables		126,120	137,066
Deferred tax assets		144,053	295,131
Financial assets at fair value through profit or loss	19	6,588	-
Financial assets through other comprehensive income	19	189,678	201,569
Biological assets		8,375	2,228
		11,962,357	12,079,959
<u>Current assets</u>			
Inventories		2,361,423	1,914,403
Receivables		1,605,267	1,346,150
Biological assets		86,698	113,791
Amount due from ultimate holding company		27,290	36,521
Amounts due from joint ventures		146,887	205,274
Amount due from an associate		4300	-
Amounts due from related companies		274,540	66,801
Tax recoverable		10,129	12,762
Financial assets at fair value through profit or loss	19	74,767	79,136
Derivative financial assets	18	3,165	3,539
Contract assets		49,281	42,151
Deposits, cash and bank balances		1,397,106	2,031,666
		6,040,853	5,852,194
Assets held for sale		28,041	24,241
		6,068,894	5,876,435
Total assets		18,031,251	17,956,394
<u>Equity</u>			
Share capital		7,029,889	7,029,889
Treasury shares		-	(518)
Reserves		(778,706)	(1,608,770)
Equity attributable to owners of the Company		6,251,183	5,420,601
Non-controlling interests		1,653,028	1,765,917
Total equity		7,904,211	7,186,518



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

	Note	Unaudited As at 31 December 2022 RM'000	Audited As at 31 December 2021 RM'000
<u>Non-current liabilities</u>			
Borrowings	17	853,242	1,033,140
Loans due to ultimate holding company	17	-	632,151
LLA liability		3,190,438	3,314,874
Derivative financial liabilities	18	193	3,571
Provision for asset retirement		32,221	41,349
Provision for defined benefit plan		47,981	51,136
Lease liability		292,055	294,581
Deferred tax liabilities		490,455	575,740
Payables		-	10,189
		4,906,585	5,956,731
<u>Current liabilities</u>			
Payables		1,924,417	1,414,444
Loans due to ultimate holding company	17	317,316	2,514
Amount due to ultimate holding company		239,203	276,082
Amounts due to joint ventures		42	-
Amounts due to associates		331	351
Amounts due to related companies		24,350	15,970
Borrowings	17	1,870,830	2,330,357
Derivative financial liabilities	18	17,742	3,749
Provision for asset retirement		702	666
Lease liability		39,192	27,518
LLA liability		489,916	489,916
Contract liabilities		129,602	132,340
Current tax liabilities		166,812	119,238
		5,220,455	4,813,145
Total liabilities		10,127,040	10,769,876
Total equity and liabilities		18,031,251	17,956,394
Net assets per share attributable to owners of the Company		<u>1.71</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 December 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 year	-	-	-	-	-	1,322,641	1,322,641	(60,625)	1,262,016
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	-	-	-	-	-	1,566	1,566	306	1,872
- fair value changes in financial assets at FVOCI	-	-	-	-	(8,022)	-	(8,022)	66	(7,956)
<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 income of joint ventures	-	-	(6,957)	-	-	-	(6,957)	-	(6,957)
- share of other comprehensive income of associates	-	-	(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
Total other comprehensive income/(loss) for the financial year	-	-	14,120	-	(6,275)	1,324,207	1,332,052	(65,549)	1,266,503
<u>Transactions with owners</u>									
Treasury shares	-	518	-	-	-	-	518	-	518
Liquidation of a subsidiary	-	-	-	-	-	(64,210)	(64,210)	64,210	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(111,550)	(111,550)
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(437,778)	(437,778)	-	(437,778)
Total transactions with owners	-	518	-	-	-	(501,988)	(501,470)	(47,340)	(548,810)
At 31 December 2022	7,029,889	-	68,156	(3,089,497)	61,152	2,181,483	6,251,183	1,653,028	7,904,211



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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 December 2021									
At 1 January 2021	7,029,889	(518)	54,782	(3,089,514)	10,624	284,708	4,261,703	1,838,504	6,100,207
Profit for the financial year	-	-	-	-	-	1,167,874	1,167,874	7,704	1,175,578
Other comprehensive income/(loss) for the financial year, net of tax:									
<u>Items that will not be reclassified to profit or loss</u>									
- actuarial gain on defined benefit plan	-	-	-	-	-	17,147	17,147	2,370	19,517
- fair value changes in financial assets at FVOCI	-	-	-	-	53,976	-	53,976	(68)	53,908
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	27,605	-	-	-	27,605	(4,025)	23,580
- share of other comprehensive loss of joint ventures	-	-	(597)	-	-	-	(597)	-	(597)
- share of other comprehensive income of an associate	-	-	531	-	-	-	531	-	531
- cash flow hedge reserves	-	-	-	-	2,827	-	2,827	2,716	5,543
	-	-	27,539	-	2,827	-	30,366	(1,309)	29,057
Total other comprehensive income for the financial year	-	-	27,539	-	56,803	1,185,021	1,269,363	8,697	1,278,060
<u>Transactions with owners</u>									
Accretion of interest in a subsidiary	-	-	-	-	-	(1,020)	(1,020)	1,814	794
Dividend paid for the financial year ended 31 December 2020 (final)	-	-	-	-	-	(109,445)	(109,445)	-	(109,445)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(81,411)	(81,411)
Loss of control of subsidiaries	-	-	-	-	-	-	-	(1,687)	(1,687)
Total transactions with owners	-	-	-	-	-	(110,465)	(110,465)	(81,284)	(191,749)
At 31 December 2021	7,029,889*	(518)	54,036	(3,089,497)	67,427	1,359,264	5,420,601	1,765,917	7,186,518

* 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 December	
	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,262,016	1,175,578
Adjustments for non-cash items	1,870,032	1,378,989
Operating profit before working capital changes	3,132,048	2,554,567
Changes in working capital	(411,987)	(401,901)
Cash generated from operations	2,720,061	2,152,666
Interest received	26,256	22,728
Taxation paid, net	(504,589)	(212,013)
Zakat paid	(35,142)	(17,406)
Retirement benefits paid	(2,888)	(4,089)
Net cash generated from operating activities	2,203,698	1,941,886
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(741,625)	(566,137)
Purchase of right-of-use assets	-	(4,417)
Purchase of intangible asset	(6,241)	(9,954)
Cash inflow from additional investment in a subsidiary	-	794
Cash inflow from liquidation of a subsidiary	4,012	-
Proceeds from liquidation of a joint venture	-	1,519
Proceeds from disposal of property, plant and equipment	4,068	803
Proceeds from disposal of assets held for sale	-	2,000
Proceed from disposal of financial assets at fair value through profit or loss	220,309	4,213
Additions of financial assets at FVOCI	(2,706)	(3,541)
Additions of financial assets at fair value through profit or loss (net)	(238,527)	(17,691)
Payment for asset retirement	-	(10)
Dividend received from financial assets FVOCI	159	2,572
Dividend received from an associate	3,156	2,600
Dividend received from joint ventures	26,428	17,986
Net cash used in investing activities	(730,967)	(569,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	5,660,714	12,734,330
Repayment of borrowings	(6,301,514)	(12,778,135)
Repayment of LLA liability	(477,306)	(413,018)
Dividend paid to shareholders	(437,778)	(109,445)
Dividend paid to non-controlling interest	(111,550)	(81,411)
Finance costs paid	(139,167)	(142,730)
Repayment of loan due to ultimate shareholder	(300,000)	(250,000)
Payments of lease liabilities	(40,890)	(46,794)
Increase in restricted cash	(3,348)	(738)
Net cash used in financing activities	(2,150,839)	(1,087,941)
Net increase in cash and cash equivalents	(678,108)	284,682
Effect of foreign exchange rate changes	40,200	17,052
Cash and cash equivalents at beginning of the financial year	1,967,191	1,665,457
Cash and cash equivalents at end of the financial year	1,329,283	1,967,191
Deposits, cash and bank balances	1,397,106	2,031,666
Less: Restricted cash	(67,823)	(64,475)
Cash and cash equivalents at end of the financial year	1,329,283	1,967,191

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.



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 31 December 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 December 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

No dividend has been paid during the quarter ended 31 December 2022.

The Board of Directors has agreed to declare a final dividend payment of 11.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM401.30 million for the financial year ended 31 December 2022.



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Explanatory Notes on the Quarterly Report – 31 December 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:

	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 December 2022					
Total segment revenue	32,287,342	2,757,977	759,625	290,628	36,095,572
Less : Inter-segment revenue	(9,711,847)	(192,091)	(370,884)	(256,898)	(10,531,720)
Revenue from external customers	22,575,495	2,565,886	388,741	33,730	25,563,852
Finance income	19,285	4,071	2,048	852	26,256
Finance costs	(32,147)	(29,092)	(3,199)	(45,380)	(109,818)
Depreciation and amortisation	(566,361)	(83,611)	(70,632)	(15,110)	(735,714)
Fair value changes in LLA liability	(352,870)	-	-	-	(352,870)
Reversal of impairment of/(Impairment of):					
- financial assets	6,218	2,818	(10,424)	-	(1,388)
- non-financials assets	(54,240)	-	-	(9,906)	(64,146)
Share of results of joint ventures	106,077	-	-	12,609	118,686
Share of results of associates	3,200	-	-	(542)	2,658
Profit/(loss) before zakat and taxation for the financial year	2,097,682	(177,179)	104,249	(73,801)	1,950,951
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>				
Sales of Palm Products Oils	18,764,791	-	-	-	18,764,791
Sales of Sugar	-	2,565,886	-	-	2,565,886
Others	3,810,704	-	388,741	33,730	4,233,175
	22,575,495	2,565,886	388,741	33,730	25,563,852



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Explanatory Notes on the Quarterly Report – 31 December 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 December 2021					
Total segment revenue	25,129,982	2,364,403	667,627	272,704	28,434,716
Less : Inter-segment revenue	(8,210,159)	(104,796)	(304,458)	(249,412)	(8,868,825)
Revenue from external customers	16,919,823	2,259,607	363,169	23,292	19,565,891
Finance income	11,785	2,492	4,224	4,227	22,728
Finance costs	(34,467)	(47,348)	(3,680)	(41,438)	(126,933)
Depreciation and amortisation	(579,739)	(82,844)	(83,685)	(19,002)	(765,270)
Fair value changes in LLA liability	(3,984)	-	-	-	(3,984)
(Impairment of)/reversal of impairment of:					
- financial assets	(6,728)	(4,141)	11,389	202	722
- non-financials assets	(76,022)	16,427	-	-	(59,595)
Share of results of joint ventures	17,260	-	-	18,598	35,858
Share of results of associates	3,320	-	-	231	3,551
Profit/(loss) before zakat and taxation for the financial year	1,602,090	85,677	90,351	(64,138)	1,713,980
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>				
Sales of Palm Products Oils	14,079,691	-	-	-	14,079,691
Sales of Sugar	-	2,259,607	-	-	2,259,607
Others	2,840,132	-	363,169	23,292	3,226,593
	16,919,823	2,259,607	363,169	23,292	19,565,891



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

8. Capital Commitments

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	330,890	124,368
	330,890	124,368

9. Significant Related Party Transactions

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

(a) Sales of goods and services

	Year to date ended 31 December	
	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")	821,700	587,372
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	341,793	264,737
Sales of CPO by FGVT and FGV Palm Industries Sdn. Bhd. ("FGVPI") to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	292,231	215,617
(iii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	423,335	233,409
IT services rendered by FGV Prodata Systems Sdn. Bhd ("Prodata")	38,564	37,253
Security services rendered by FGV Security Services Sdn. Bhd ("FSSSB")	22,657	21,705



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

9. Significant Related Party Transactions (continued)

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

(b) Purchase of goods and services

	Year to date ended 31 December	
	2022 RM'000	2021 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	477,306	413,018
Repayment of loans	300,000	250,000
Interest expense charged by FELDA	12,542	40,759
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	120,961	148,117
Purchase of FFB by FGVT	6,770,968	5,333,216
Joint Consultative Committee payment by FGVT	19,231	16,953

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:

Cooking oil subsidy received from Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna	379,360	202,519
Windfall tax paid/payable to Royal Malaysian Custom Department	220,462	184,859
CESS payment to Malaysia Palm Oil Board	46,395	42,240

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 December 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. On 11 May 2022, the Mediator acknowledged that the mediation was unsuccessful. No further mediation is fixed.

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

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

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

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

The High Court has fixed the next case management on 27 February 2023. The Court of Appeal has fixed case management on 10 April 2023.

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



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

11. Contingent Liabilities and Material Litigation (continued)

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

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

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

On 5 October 2022, the Federal Court did not allow the Plaintiff’s application for Leave to Appeal and therefore, the Main Action and the Counterclaim will proceed to trial in the High Court. The Court has fixed new trial dates on 17 to 19 April 2023 and fixed for a case management and hearing for 10th to 14th 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 10th to 14th Defendants amendment application on the counter claim could not proceed. Additionally, the 1st Defendant has filed an application to amend his defence.

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 December 2022 (continued)

12. Review of Group Performance

	Quarter ended 31 December			Quarter ended 30 September		Year to date ended 31 December		
	2022 RM'000	2021 RM'000	% + / (-)	2022 RM'000	% + / (-)	2022 RM'000	2021 RM'000	% + / (-)
Revenue	6,100,776	6,174,850	(1.2)	6,182,260	(1.3)	25,563,852	19,565,891	30.7
Plantation	527,585	699,267	(24.6)	431,413	22.3	2,097,682	1,602,090	30.9
Sugar	(46,491)	(6,233)	>(100)	(71,032)	34.5	(177,179)	85,677	>(100)
Logistics and Others	30,178	37,601	(19.7)	38,133	(20.9)	104,249	90,351	15.4
Sector results	511,272	730,635	(30.0)	398,514	28.3	2,024,752	1,778,118	13.9
Corporate HQ and elimination	(47,132)	(41,104)		(13,043)		(73,801)	(64,138)	
Profit before zakat and taxation	464,140	689,531	(32.7)	385,471	20.4	1,950,951	1,713,980	13.8
Zakat	(279)	(14,985)		(6,045)		(35,142)	(17,406)	
Taxation	(141,161)	(250,719)		(162,455)		(653,793)	(520,996)	
Profit for the financial period / year	322,700	423,827	(23.9)	216,971	48.7	1,262,106	1,175,578	7.4
Profit attributable to:								
Owners of the Company	337,710	465,085	(27.4)	241,671	39.7	1,322,641	1,167,874	13.3
Non-controlling interests	(15,010)	(41,258)		(24,700)		(60,625)	7,704	
Profit for the financial period / year	322,700	423,827	(23.9)	216,971	48.7	1,262,106	1,175,578	7.4



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

12. Review of Group Performance (continued)

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

Overall

The revenue of the Group decreased marginally by 1% to RM6.10 billion while the Group's profit before zakat and taxation decreased to RM464.14 million for the current quarter compared to RM689.53 million in the corresponding quarter of the previous year. This was mainly attributed to lower results contributed by Plantation and Logistics and Others while Sugar Sector recorded higher losses in current quarter.

(a) **Plantation Sector**

Profit in Plantation Sector decreased by 25% to RM527.59 million from RM699.27 million in corresponding quarter of the previous year. This was mainly attributed to fair value charge on LLA of RM84.53 million in current quarter under review, compared to fair value gain of RM66.46 million in corresponding quarter of the previous year. Included in the Sector results in corresponding quarter of the previous year was impairment loss recognised of RM66.00 million compared to current quarter of RM41.84 million.

Excluding the fair value and impairment loss, the Sector recorded a profit of RM653.96 million, 6% lower compared to corresponding quarter of the previous year of RM698.81 million. This was mainly due to lower margin of palm products resulted from higher CPO cost ex-mill by 14% despite higher average CPO price realised of RM4,432 per MT compared to RM4,194 per MT in previous year's corresponding quarter and lower margin in rubber business. However, the Sector's results was partially cushioned by the better margin in oleochemicals and packed products under downstream business and increase in share of profit in joint ventures to RM60.90 million from RM15.89 million loss in previous year's corresponding quarter. The higher share of profit was due to one-off gain on disposal of its subsidiary recognised in a joint venture.

Operationally, FFB production increased to 1.13 million MT from 1.05 million MT, thus led to increase in yield to 4.13 MT per hectare in current quarter. OER achieved in current quarter was down to 20.14%, from 21.05% registered in corresponding quarter of the previous year.

(b) **Sugar Sector**

Sugar Sector reported a higher loss of RM46.49 million compared to RM6.23 million profit in corresponding quarter of the previous year. The Sector's result was brought down by high input costs mainly raw sugar, natural gas and weakening of Ringgit Malaysia despite increase in overall average selling price in the current quarter.

(c) **Logistics and Others Sector**

Logistic and Others Sector reported a lower profit of RM30.18 million compared to RM37.60 million reported in the corresponding quarter of the previous year mainly due to impairment on receivables of RM3.10 million recognised in current quarter compared to reversal of impairment of RM12.57 million reported in the corresponding quarter of the previous year. Excluding the impairment, the Sector recorded a higher profit of RM33.28 million against RM25.03 million recognised in the corresponding quarter of the previous year. The improvement in the results was mainly attributable to higher profit in Logistic division which reported an increase in profit by 17%. The increase was mainly due to increase in handling rate and higher throughput and tonnage carried in current quarter. Others Sector also registered a profit compared to loss in corresponding quarter of the previous year driven by higher demand for travelling package and increase in occupancy rate in current quarter.



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

12. Review of Group Performance (continued)

(B) Current Financial Year Ended 31 December 2022 against the Previous Financial Year Ended 31 December 2021

Overall

The revenue of the Group grew by 31% to RM25.56 billion compared to previous corresponding financial year while the profit before zakat and taxation of the Group improved from RM1.71 billion reported in previous financial year to RM1.95 billion in current financial year. The improved performance of the Group was largely contributed by Plantation and Logistic Sector but was partially affected by losses incurred in Sugar Sector.

(a) Plantation Sector

The profit in Plantation Sector jumped to RM2,097.68 million for the financial year ended 31 December 2022 from RM1,602.09 million recorded in previous financial year. This was mainly attributable to the higher average CPO price realised of RM4,832 per mt against RM3,671 per mt registered in previous financial year coupled with higher sales volume by 19%.

The better performance was also contributed by the improved margin in downstream and fertiliser businesses and boosted by share of profit from joint ventures from RM17.26 million to RM106.08 million in current financial year.

The Sector's profit was partially brought down by higher fair value charge on LLA of RM352.87 million compared to RM3.98 million registered in previous year, fair value loss for biological assets of RM25.81 million compared to RM56.79 million fair value gain registered in previous financial year and higher losses incurred in rubber division.

FFB production increased marginally to 3.99 million MT from 3.98 million MT, thus led to higher yield of 14.57 mt per hectare. OER achieved was lower at 20.35% compared to 20.54% registered in the previous period.

(b) Sugar Sector

Sugar Sector registered a loss of RM177.18 million compared to RM85.68 million profit in previous corresponding financial year. The Sector suffered an erosion in margin mainly attributable to high input costs mainly raw sugar, natural gas and weakening of Ringgit Malaysia despite increase in overall average selling price.

(c) Logistic and Others Sector

Logistic and Others Sector recorded 15% increase in profit to RM104.25 million from RM90.35 million registered in previous financial year. Profit from Logistic division increased by 31% attributed to the higher throughput and handling rate while Others division incurred losses due to net impairment loss recognised in its receivables of RM10.42 million.



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

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

Overall

The revenue of the Group declined marginally by 1% to RM6.10 billion while the profit before zakat and taxation for the Group increased by 20% to RM464.14 million compared to RM385.47 million registered in preceding quarter. This was mainly attributed to higher contribution from Plantation Sector and reduced losses registered in Sugar Sector compared to preceding quarter.

(a) Plantation Sector

Profit in Plantation Sector increased by 22% to RM527.59 million compared to RM431.41 million in preceding quarter mainly attributable to higher sales volume for palm products in current quarter despite lower average CPO price realised of RM4,432 per MT compared to RM4,830 per MT in preceding quarter.

In addition, the Sector's profit was also assisted by higher share of results in joint ventures of RM60.90 million compared to RM10.77 million registered in preceding quarter and lower fair value loss for biological assets of RM5.64 million compared to RM38.02 million posted in preceding quarter.

The Sector's profit was partially affected by higher fair value charge on LLA of RM84.53 million compared to RM51.35 million in preceding quarter.

Operationally, FFB production increased to 1.13 million MT from 1.08 million MT in preceding quarter, hence yield also improved to 4.13 MT per hectare from 3.93 MT per hectare. OER achieved was lower at 20.14% in current quarter compared to 20.36% registered in preceding quarter.

(b) Sugar Sector

Sugar Sector reported a lower loss of RM46.49 million in current quarter compared to RM71.03 million in preceding quarter mainly attributed to higher revenue resulted from increase in average selling price coupled with decrease in freight cost compared to preceding quarter.

(c) Logistics and Others Sector

Logistic and Others Sector recorded a lower profit of RM30.18 million compared to RM38.13 million in preceding quarter mainly attributed to lower contribution from IT and Others divisions while Logistic division reported similar result as preceding quarter.



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Explanatory Notes on the Quarterly Report – 31 December 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 December	
	2022 RM'000	2021 RM'000
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	638,740	663,619
Depreciation of right-of-use assets	75,724	68,825
Depreciation of investment properties	7,753	12,258
Property, plant and equipment written off	7,347	9,135
Amortisation of intangible assets	13,497	20,568
Impairment loss on property, plant and equipment - net	79,246	59,914
Reversal of impairment on right-of-use assets	-	(319)
Reversal of impairment on asset held for sale	(15,100)	-
Net unrealised foreign exchange loss/(gain)	19,461	5,133

16. Taxation

	Quarter Ended 31 December		Year to date Ended 31 December	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax				
Current financial period/year	(92,589)	(102,020)	(566,533)	(328,152)
Prior financial period/year	327	(9,337)	11,737	(9,337)
Foreign income tax				
Current financial period/year	(18,690)	(3,988)	(33,204)	(11,614)
Deferred tax	(30,209)	(135,374)	(65,793)	(171,893)
	(141,161)	(250,719)	(653,793)	(520,996)

The effective tax rate for the financial period ended 31 December 2022 is 34%, higher than the Malaysian income tax rate of 24% due to impact of "Cukai Makmur" of approximately RM107.0 million and 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 December 2022 (continued)

17. Borrowings

	As at 31 December 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	-	412,193	-	143,354	-	555,547
Short term trade financing - Thai Baht	-	-	46,000	5,851	46,000	5,851
Unsecured						
Loan due to ultimate holding company	-	-	-	317,316	-	317,316
Sukuk	-	397,374	-	100,000	-	497,374
Islamic short term trade financing	-	-	-	1,228,105	-	1,228,105
Short term trade financing	-	-	-	393,520	-	393,520
Hire purchase	-	43,675	-	-	-	43,675
Total borrowings		853,242		2,188,146		3,041,388

Exchanges rates applied as at 31 December 2022

Thai Baht 12.7200

As at 31 December 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 December 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 30 September 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	125,000	-	193
<u>Current</u>			
Foreign currency forwards	518,019	2,662	16,889
Palm oil futures	2,844	503	-
Brent crude oil futures	1,980	-	853
	522,843	3,165	17,742
	647,843	3,165	17,935



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Explanatory Notes on the Quarterly Report – 31 December 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 December 2022.

<u>31 December 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	503	2,662	-	3,165
- Trading securities	81,355	-	-	81,355
Financial assets at FVOCI	<u>3,263</u>	<u>-</u>	<u>186,415</u>	<u>189,678</u>
Total assets	<u>85,121</u>	<u>2,662</u>	<u>186,415</u>	<u>274,198</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,680,354	3,680,354
- Derivatives	<u>1,046</u>	<u>16,889</u>	<u>-</u>	<u>17,935</u>
Total liabilities	<u>1,046</u>	<u>16,889</u>	<u>3,680,354</u>	<u>3,698,289</u>

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

	Financial period ended 31 December 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	352,870	3,984
Repayment during the financial period/year:		
- Fixed lease payments	(243,624)	(243,552)
- Share of profits	<u>(233,682)</u>	<u>(169,466)</u>
31 December	<u>3,680,354</u>	<u>3,804,790</u>
<u>Financial assets at FVOCI</u>		
1 January	198,594	140,685
Addition	2,706	3,541
Fair value changes	(14,872)	54,499
Currency translation differences	(13)	(131)
31 December	<u>186,415</u>	<u>198,594</u>



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 31 December 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 December 2022.

20. Earnings Per Share

	Quarter ended 31 December		Year to date ended 31 December	
	2022	2021	2022	2021
Profit for the financial period / year attributable to owners of the Company (RM'000)	337,710	465,085	1,322,641	1,167,874
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	9.26	12.75	36.26	32.01

21. Status of Corporate Proposals

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

22. Significant Events

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

23. Material events after reporting period

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



FGV HOLDINGS BERHAD

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

24. Prospects

FGV's crude palm oil (CPO) price had reached an average of RM4,832 per metric tonne in FY2022 on the back of prolonged Russia-Ukraine conflict and shortage of labour as well as lower palm production and other soft oil supply. Going into first quarter of 2023, the CPO price is supported by Indonesia's higher biodiesel mandate and tighter export policy despite the anticipated global recession.

The Plantation Sector's intensified recruitment efforts made throughout the year 2022 had successfully reduced the shortage of foreign workers from 32% to 13%. The Sector will continue to improve its operation through mechanisation and replanting programmes as well as implementing cost optimisation initiatives to manage rising operational costs and energy prices.

The Group remains steadfast in its commitment to the sustainability agenda. On the Withhold Release Order (WRO) suspension, our independent assessor has completed its site assessments and FGV will put their recommendations into action and will soon submit the final report to the U.S. Customs and Border Protection (CBP).

The Sugar Sector continues to face challenging environment due to high input costs despite stronger demand from the market and will remain focused on higher yields and capacity utilization. Meanwhile, Logistics Sector continues to explore opportunities for market expansion while enhancing its operational efficiency.

Barring any unforeseen circumstances, the Group expects to perform satisfactorily in financial year 2023 in line with the projected favourable CPO price movement.

By Order of the Board

Azni Ariffin
Company Secretary

27 February 2023