



FGV HOLDINGS BERHAD

200701042133 (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2023**



FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter ended 30 September 2023

| Note | Quarter ended 30 September | | | Year to date ended 30 September | | |
|---|-------------------------------|----------------|---------------|------------------------------------|------------------|---------------|
| | 2023 RM'000 | 2022 RM'000 | % + / (-) | 2023 RM'000 | 2022 RM'000 | % + / (-) |
| Revenue | 4,907,048 | 6,182,260 | (20.6) | 13,994,484 | 19,463,076 | (28.1) |
| Cost of sales | (4,467,585) | (5,444,497) | | (12,961,203) | (16,924,479) | |
| Gross profit | 439,463 | 737,763 | (40.4) | 1,033,281 | 2,538,597 | (59.3) |
| Other operating income | 27,532 | 35,227 | | 113,041 | 93,308 | |
| Selling and distribution costs | (68,185) | (68,988) | | (172,657) | (193,598) | |
| Administrative expenses | (227,568) | (225,708) | | (631,856) | (619,255) | |
| Reversal of impairment of financial assets (net) | 1,011 | 16,919 | | 2,677 | 2,752 | |
| Other operating expenses | (7,638) | (14,512) | | (15,430) | (23,911) | |
| Commodity gains/(losses) - net | 18,452 | (44,396) | | 21,379 | (22,656) | |
| Operating profit | 183,067 | 436,305 | (58.0) | 350,435 | 1,775,237 | (80.3) |
| Fair value changes in Land Lease Agreement ("LLA") liability | (67,121) | (51,354) | | (126,789) | (268,344) | |
| Operating profit after LLA | 115,946 | 384,951 | (69.9) | 223,646 | 1,506,893 | (85.2) |
| Finance income | 7,880 | 9,403 | | 22,910 | 16,598 | |
| Finance costs | (30,448) | (19,781) | | (90,617) | (82,990) | |
| Share of results from associates | (1,058) | 130 | | (1,912) | 1,134 | |
| Share of results from joint ventures | (9,552) | 10,768 | | 2,995 | 45,176 | |
| Profit before zakat and taxation | 82,768 | 385,471 | (78.5) | 157,022 | 1,486,811 | (89.4) |
| Zakat | (17,595) | (6,045) | | (18,372) | (34,863) | |
| Taxation | (41,812) | (162,455) | | (125,451) | (512,632) | |
| Profit for the financial period | 23,361 | 216,971 | (89.2) | 13,199 | 939,316 | (98.6) |
| Profit attributable to: | | | | | | |
| - Owners of the Company | 31,982 | 241,671 | (86.8) | 31,177 | 984,931 | (96.8) |
| - Non-controlling interests | (8,621) | (24,700) | | (17,978) | (45,615) | |
| | 23,361 | 216,971 | (89.2) | 13,199 | 939,316 | (98.6) |
| Other comprehensive income/(loss) | | | | | | |
| Actuarial (loss)/gains on defined benefit plan | (104) | 477 | | 87 | 585 | |
| Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI") | (3,644) | (12,436) | | (546) | (6,826) | |
| Share of other comprehensive (loss)/income of joint ventures | (44) | 3,062 | | (308) | 6,659 | |
| Realisation of forex exchange reserve upon disposal of a foreign operation in joint venture | 29,783 | - | | 29,783 | - | |
| Realisation of forex exchange reserve upon liquidation of a subsidiary | - | - | | 970 | - | |
| Currency translation differences | 7,771 | 34,205 | | 41,466 | 64,314 | |
| Cash flow hedges | 81 | 677 | | 163 | 3,159 | |
| Other comprehensive income for the financial period, net of tax | 33,843 | 25,985 | | 71,615 | 67,891 | |
| Total comprehensive income for the financial period | 57,204 | 242,956 | (76.5) | 84,814 | 1,007,207 | (91.6) |
| Total comprehensive income attributable to: | | | | | | |
| - Owners of the Company | 64,962 | 270,354 | (76.0) | 109,044 | 1,058,341 | (89.7) |
| - Non-controlling interests | (7,758) | (27,398) | | (24,230) | (51,134) | |
| Total comprehensive income for the financial period | 57,204 | 242,956 | (76.5) | 84,814 | 1,007,207 | (91.6) |
| Earnings per share for profit attributable to the Owners of the Company: | | | | | | |
| Basic (sen) | 0.88 | 6.62 | | 0.85 | 27.00 | |

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.



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Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2023

| | Note | Unaudited As at 30 September 2023 RM'000 | Audited As at 31 December 2022 RM'000 |
|---|------|--|---|
| <u>Non-current assets</u> | | | |
| Property, plant and equipment | | 7,832,447 | 7,727,964 |
| Right-of-use assets | | 2,208,303 | 2,150,803 |
| Investment properties | | 68,023 | 73,779 |
| Intangible assets | | 887,077 | 939,983 |
| Interests in associates | | 60,030 | 63,631 |
| Interests in joint ventures | | 598,073 | 567,412 |
| Deposit and other receivables | | 126,262 | 123,557 |
| Deferred tax assets | | 181,924 | 231,316 |
| Financial assets at fair value through profit or loss | 19 | 5,294 | 6,588 |
| Financial assets through other comprehensive income | 19 | 167,994 | 162,670 |
| Biological assets | | 9,261 | 1,491 |
| | | 12,144,688 | 12,049,194 |
| <u>Current assets</u> | | | |
| Inventories | | 1,768,374 | 2,361,423 |
| Receivables | | 1,493,320 | 1,615,069 |
| Biological assets | | 100,087 | 86,698 |
| Amount due from ultimate holding company | | 36,809 | 25,654 |
| Amounts due from joint ventures | | 111,906 | 146,887 |
| Amount due from an associate | | 38 | 4,300 |
| Amounts due from related companies | | 210,461 | 260,895 |
| Tax recoverable | | 96,911 | 10,129 |
| Financial assets at fair value through profit or loss | 19 | 83,354 | 74,767 |
| Derivative financial assets | 18 | 4,070 | 3,165 |
| Contract assets | | 29,972 | 47,298 |
| Deposits, cash and bank balances | | 1,240,280 | 1,397,106 |
| | | 5,175,582 | 6,033,391 |
| Assets held for sale | | 136,539 | 28,041 |
| | | 5,312,121 | 6,061,432 |
| Total assets | | 17,456,809 | 18,110,626 |
| <u>Equity</u> | | | |
| Share capital | | 7,029,889 | 7,029,889 |
| Reserves | | (1,090,485) | (798,232) |
| Equity attributable to owners of the Company | | 5,939,404 | 6,231,657 |
| Non-controlling interests | | 1,598,069 | 1,653,028 |
| Total equity | | 7,537,473 | 7,884,685 |



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Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2023 (continued)

| | Note | Unaudited As at 30 September 2023 RM'000 | Audited As at 31 December 2022 RM'000 |
|--|------|--|---|
| <u>Non-current liabilities</u> | | | |
| Borrowings | 17 | 761,542 | 844,066 |
| LLA liability | | 3,286,785 | 3,264,463 |
| Derivative financial liabilities | 18 | 56 | 193 |
| Provision for asset retirement | | 33,004 | 32,119 |
| Provision for defined benefit plan | | 49,652 | 47,981 |
| Lease liability | | 330,593 | 293,738 |
| Deferred tax liabilities | | 533,543 | 577,718 |
| | | 4,995,175 | 5,060,278 |
| <u>Current liabilities</u> | | | |
| Payables | | 1,334,338 | 1,941,029 |
| Loans due to ultimate holding company | 17 | 226,930 | 333,316 |
| Amount due to ultimate holding company | | 161,824 | 239,203 |
| Amounts due to joint ventures | | 1,383 | 42 |
| Amounts due to associates | | 830 | 331 |
| Amounts due to related companies | | 5,239 | 24,350 |
| Borrowings | 17 | 2,695,967 | 1,881,578 |
| Derivative financial liabilities | 18 | 5,359 | 17,742 |
| Provision for asset retirement | | 751 | 702 |
| Lease liability | | 62,412 | 37,621 |
| LLA liability | | 283,427 | 415,891 |
| Contract liabilities | | 108,841 | 109,359 |
| Current tax liabilities | | 13,135 | 164,499 |
| | | 4,900,436 | 5,165,663 |
| Liabilities directly associated with assets classified as held for sale | | 23,725 | - |
| | | 4,924,161 | 5,165,663 |
| Total liabilities | | 9,919,336 | 10,225,941 |
| Total equity and liabilities | | 17,456,809 | 18,110,626 |
| Net assets per share attributable to owners of the Company | | 1.63 | 1.71 |

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.



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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 |
|---|-------------------------|------------------------------------|-----------------------------------|--------------------------|-----------------------------|------------------|-------------------------------------|------------------------|
| Year to date ended 30 September 2023 | | | | | | | | |
| At 1 January 2023 | 7,029,889 | 68,156 | (3,089,497) | 29,495 | 2,193,614 | 6,231,657 | 1,653,028 | 7,884,685 |
| Profit/(loss) for the financial period | - | - | - | - | 31,177 | 31,177 | (17,978) | 13,199 |
| 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 | - | - | - | - | 87 | 87 | - | 87 |
| - fair value changes in financial assets at FVOCI | - | - | - | (521) | - | (521) | (25) | (546) |
| <u>Items that will be subsequently reclassified to profit or loss</u> | | | | | | | | |
| - currency translation differences | - | 47,773 | - | - | - | 47,773 | (6,307) | 41,466 |
| - share of other comprehensive loss of joint ventures | - | (308) | - | - | - | (308) | - | (308) |
| - realisation of forex exchange reserve upon disposal of a foreign operation in joint venture | - | 29,783 | - | - | - | 29,783 | - | 29,783 |
| - realisation of forex exchange reserve upon liquidation of a subsidiary | - | 970 | - | - | - | 970 | - | 970 |
| - cash flow hedge reserves | - | - | - | 83 | - | 83 | 80 | 163 |
| | | 78,218 | | 83 | | 78,301 | (6,227) | 72,074 |
| Total other comprehensive income/(loss) for the financial period | - | 78,218 | - | (438) | 31,264 | 109,044 | (24,230) | 84,814 |
| <u>Transactions with owners</u> | | | | | | | | |
| Dividend paid for the financial year ended 31 December 2022 (final) | - | - | - | - | (401,297) | (401,297) | - | (401,297) |
| Liquidation of a subsidiary | - | - | - | - | - | - | (1,061) | (1,061) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | - | - | (29,668) | (29,668) |
| Total transactions with owners | - | - | - | - | (401,297) | (401,297) | (30,729) | (432,026) |
| At 30 September 2023 | 7,029,889* | 146,374 | (3,089,497) | 29,057 | 1,823,581 | 5,939,404 | 1,598,069 | 7,537,473 |



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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 30 September 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 | - | - | - | - | - | 984,931 | 984,931 | (45,615) | 939,316 |
| 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 | - | - | - | - | - | 585 | 585 | - | 585 |
| - fair value changes in financial assets at FVOCI | - | - | - | - | (6,820) | - | (6,820) | (6) | (6,826) |
| <u>Items that will be subsequently reclassified to profit or loss</u> | | | | | | | | | |
| - currency translation differences | - | - | 71,375 | - | - | - | 71,375 | (7,061) | 64,314 |
| - share of other comprehensive income of joint ventures | - | - | 6,659 | - | - | - | 6,659 | - | 6,659 |
| - cash flow hedge reserves | - | - | - | - | 1,611 | - | 1,611 | 1,548 | 3,159 |
| | - | - | 78,034 | - | 1,611 | - | 79,645 | (5,513) | 74,132 |
| Total other comprehensive income/(loss) for the financial period | - | - | 78,034 | - | (5,209) | 985,516 | 1,058,341 | (51,134) | 1,007,207 |
| <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) | - | - | - | - | - | (437,778) | (437,778) | - | (437,778) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | (76,826) | (76,826) |
| Total transactions with owners | - | 518 | - | - | - | (501,988) | (501,470) | (12,616) | (514,086) |
| At 30 September 2022 | 7,029,889* | - | 132,070 | (3,089,497) | 62,218 | 1,842,792 | 5,977,472 | 1,702,167 | 7,679,639 |

* 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.



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Unaudited Condensed Consolidated Statement of Cash Flows

| | Year to date ended 30 September | |
|--|------------------------------------|--------------------|
| | 2023 RM'000 | 2022 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the financial period | 13,199 | 939,316 |
| Adjustments for non-cash items | 933,408 | 1,386,616 |
| Operating profit before working capital changes | 946,607 | 2,325,932 |
| Changes in working capital | 109,102 | (334,724) |
| Cash generated from operations | 1,055,709 | 1,991,208 |
| Interest received | 22,910 | 16,598 |
| Taxation paid, net | (342,153) | (254,774) |
| Zakat paid | (18,372) | (34,863) |
| Retirement benefits paid | (860) | (1,512) |
| Net cash generated from operating activities | 717,234 | 1,716,657 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (668,094) | (480,831) |
| Purchase of intangible asset | (4,088) | (4,993) |
| Proceeds from disposal of assets held for sale | 25,113 | - |
| Proceeds from disposal of property, plant and equipment | 229 | 1,562 |
| Proceed from disposal of financial assets at fair value through profit or loss | 383,161 | 152,010 |
| Net cash outflow from liquidation of subsidiary | (92) | - |
| Additions of financial assets at fair value through profit or loss (net) | (397,750) | (162,326) |
| Additions of financial assets at FVOCI | (2,053) | (2,067) |
| Dividend received from financial assets FVOCI | - | 111 |
| Dividend received from an associate | 1,689 | 2,126 |
| Dividend received from joint ventures | 2,324 | 3,502 |
| Net cash used in investing activities | (659,561) | (490,906) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 6,260,008 | 4,511,241 |
| Repayment of borrowings | (5,528,025) | (5,073,704) |
| Repayment of LLA liability | (236,931) | (364,884) |
| Dividend paid to shareholders | (401,297) | (437,778) |
| Dividend paid to non-controlling interest | (29,668) | (76,826) |
| Finance costs paid | (115,790) | (105,194) |
| Repayment of loan due to ultimate shareholder | (108,908) | (150,000) |
| Payments of lease liabilities | (61,460) | (20,880) |
| Net cash generated used in financing activities | (222,071) | (1,718,025) |
| Net decrease in cash and cash equivalents | (164,398) | (492,274) |
| Effect of foreign exchange rate changes | 29,113 | 56,525 |
| Cash and cash equivalents at beginning of the financial period | 1,397,106 | 2,031,666 |
| Cash and cash equivalents at end of the financial period | 1,261,821 | 1,595,917 |
| Cash and cash equivalents at end of the financial period comprise of: | | |
| Deposits, cash and bank balances | 1,240,280 | 1,595,917 |
| Cash and cash equivalents included under assets held for sale | 21,541 | - |
| Cash and cash equivalents at end of the financial period | 1,261,821 | 1,595,917 |

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.



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Explanatory Notes on the Quarterly Report – 30 September 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 – 30 September 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 30 September 2023.



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Explanatory Notes on the Quarterly Report – 30 September 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 period is as follows:

Year to date ended 30 September 2023

| | Plantation RM'000 | Sugar RM'000 | Logistics and Others RM'000 | Corporate HQ, Others and Elimination RM'000 | Total RM'000 |
|---|----------------------|------------------|-----------------------------------|--|-------------------|
| Total segment revenue | 16,960,119 | 2,252,108 | 589,562 | 253,323 | 20,055,112 |
| Less: Inter-segment revenue | (5,472,247) | (110,828) | (256,991) | (220,562) | (6,060,628) |
| Revenue from external customers | 11,487,872 | 2,141,280 | 332,571 | 32,761 | 13,994,484 |
| Finance income | 14,096 | 5,815 | 2,104 | 895 | 22,910 |
| Finance costs | (23,641) | (33,029) | (1,835) | (32,112) | (90,617) |
| Depreciation and amortisation | (430,000) | (59,592) | (60,791) | (12,397) | (562,780) |
| Fair value changes in LLA liability | (126,789) | - | - | - | (126,789) |
| Reversal of impairment/ (impairment of): | | | | | |
| - financial assets | 3,027 | (80) | (270) | - | 2,677 |
| - non-financials assets | (58,933) | - | - | (7,622) | (66,555) |
| Share of results of joint ventures | 2,995 | - | - | - | 2,995 |
| Share of results of associates | 502 | - | - | (2,414) | (1,912) |
| Profit/(loss) before zakat and taxation for the financial period | 186,622 | (77,421) | 102,584 | (54,763) | 157,022 |

Disaggregation of the Group's revenue is as follows:

Sales of Palm Oil Products
Sales of Refined Sugar

Others

Timing of revenue recognition

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

| | | | | |
|-------------------|------------------|----------------|---------------|-------------------|
| 9,512,557 | - | - | - | 9,512,557 |
| - | 2,141,280 | - | - | 2,141,280 |
| 1,975,315 | - | 332,571 | 32,761 | 2,340,647 |
| 11,487,872 | 2,141,280 | 332,571 | 32,761 | 13,994,484 |



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Explanatory Notes on the Quarterly Report – 30 September 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 period 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 |
|---|----------------------|------------------|-----------------------------------|--|-------------------|
| Year to date ended 30 September 2022 | | | | | |
| Total segment revenue | 24,825,283 | 2,031,665 | 537,200 | 217,765 | 27,611,913 |
| Less: Inter-segment revenue | (7,550,029) | (146,610) | (259,324) | (192,874) | (8,148,837) |
| Revenue from external customers | 17,275,254 | 1,885,055 | 277,876 | 24,891 | 19,463,076 |
| Finance income | 11,807 | 2,225 | 2,013 | 553 | 16,598 |
| Finance costs | (23,862) | (22,714) | (2,082) | (34,332) | (82,990) |
| Depreciation and amortisation | (418,950) | (60,770) | (52,305) | (12,057) | (544,082) |
| Fair value changes in LLA liability | (268,344) | - | - | - | (268,344) |
| (Impairment of)/reversal of impairment of: | | | | | |
| - financial assets | 7,689 | 2,392 | (7,329) | - | 2,752 |
| - non-financials assets | (13,873) | - | - | - | (13,873) |
| Share of results of joint ventures | 45,176 | - | - | - | 45,176 |
| Share of results of associates | 2,433 | - | - | (1,299) | 1,134 |
| Profit/(loss) before zakat and taxation for the financial period | 1,570,097 | (130,688) | 74,071 | (26,669) | 1,486,811 |
| <u>Timing of revenue recognition</u> | | | | | |
| Disaggregation of the Group's revenue is as follows: | | | | | |
| Sales of Palm Oil Products | 14,350,011 | - | - | - | 14,350,011 |
| Sales of Refined Sugar | - | 1,885,055 | - | - | 1,885,055 |
| Others | 2,925,243 | - | 277,876 | 24,891 | 3,228,010 |
| | 17,275,254 | 1,885,055 | 277,876 | 24,891 | 19,463,076 |



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Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

8. Capital Commitments

| | As at 30 September 2023 RM'000 | As at 31 December 2022 RM'000 |
|---|---|--|
| Capital expenditure approved and contracted for: - Property, plant and equipment | 335,916 | 407,048 |
| | 335,916 | 407,048 |

9. Significant Related Party Transactions

(I) Related party transactions for the financial year ended 30 September 2023 and 30 September 2022 are as follows:

(a) Sales of goods and services

| | Year to date ended 30 September | |
|--|--|----------------|
| | 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") | 746,382 | 583,621 |
| 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 | 142,186 | 286,163 |
| Sales of CPO by FGVT to MAPAK Edible Oil Pvt. Ltd. ("MAPAK") | 92,246 | 173,796 |
| (ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries | | |
| Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB") | 381,189 | 279,988 |
| IT services rendered by FGV Prodata Systems Sdn. Bhd ("Prodata") | 38,974 | 27,418 |
| Security services rendered by FGV Security Services Sdn. Bhd ("FSSSB") | 16,237 | 16,974 |



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Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

9. Significant Related Party Transactions (continued)

(i) Related party transactions for the financial year ended 30 September 2023 and 30 September 2022 are as follows: (continued)

(b) Purchase of goods and services

| | Year to date ended 30 September | |
|--|------------------------------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Transactions with FELDA and its subsidiaries: | | |
| LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM") | 236,931 | 364,884 |
| Interest expense charged by FELDA | 11,490 | 23,424 |
| Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB") | 94,731 | 94,806 |
| Purchase of FFB by FGVT | 2,922,781 | 5,332,546 |
| Joint Consultative Committee payment by FGVT | 11,266 | 13,764 |

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:

| | | |
|---|---------|---------|
| Cooking oil subsidy received from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup | 120,475 | 335,378 |
| Windfall tax paid/payable to Royal Malaysian Custom Department | 53,733 | 195,402 |
| CESS payment to Malaysia Palm Oil Board | 28,715 | 32,502 |

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 – 30 September 2023 (continued)

11. Contingent Liabilities and Material Litigation

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

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

On 1 November 2021, VDSL has filed amended statement of claim and case management was held on the same day for the main suit, Prodata’s application for security cost and VDSL’s application for protective order. Pursuant to the hearing on 19 January 2022, the Judge directed the case be fixed for mediation for parties to explore and discuss a possible amicable settlement; while the court proceedings to continue to run its course. On 11 May 2022, the Mediator acknowledged that the mediation was unsuccessful. No further mediation is fixed.

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

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

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

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

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

On 14 March 2023, 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 December 2023 for the next case management to update on the bundle of pleadings and respective case summary. 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 – 30 September 2023 (continued)

11. Contingent Liabilities and Material Litigation (continued)

Separately, 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.

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. 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 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 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.



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

11. Contingent Liabilities and Material Litigation (continued)

The case has been transferred to the Commercial Court. On 31 March 2023, the Court has fixed the 1st Defendant's Amendment Application and 10th to 14th 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 1st Defendant and 10th to 14th Defendants. The Court directed that a case management be fixed on 5 January 2024.

- (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. The striking out application is fixed for hearing on 01 December 2023

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 – 30 September 2023 (continued)

12. Review of Group Performance

| | Quarter ended 30 September | | | Quarter ended 30 June | | Year to date ended 30 September | | |
|---|-------------------------------|-----------------------|---------------|--------------------------|------------------|------------------------------------|-----------------------|---------------|
| | 2023 RM'000 | 2022 RM'000 | % +/-) | 2023 RM'000 | % +/-) | 2023 RM'000 | 2022 RM'000 | % +/-) |
| Revenue | 4,907,048 | 6,182,260 | (20.6) | 4,494,841 | 9.2 | 13,994,484 | 19,463,076 | (28.1) |
| Plantation | 110,971 | 431,413 | (74.3) | 13,758 | >100 | 186,622 | 1,570,097 | (88.1) |
| Sugar | (31,945) | (71,032) | (55.0) | (13,745) | >100 | (77,421) | (130,688) | (40.8) |
| Logistics and Others | 41,723 | 38,133 | 9.4 | 23,218 | 79.7 | 102,584 | 74,071 | 38.5 |
| Sector results | 120,749 | 398,514 | (69.7) | 23,231 | >100 | 211,785 | 1,513,480 | (86.0) |
| Corporate HQ, Others and elimination | (37,981) | (13,043) | | (8,839) | | (54,763) | (26,669) | |
| Profit before zakat and taxation | 82,768 | 385,471 | (78.5) | 14,392 | >100 | 157,022 | 1,486,811 | (89.4) |
| Zakat | (17,595) | (6,045) | | (266) | | (18,372) | (34,863) | |
| Taxation | (41,812) | (162,455) | | (32,331) | | (125,451) | (512,632) | |
| Profit/(loss) for the financial period | <u>23,361</u> | <u>216,971</u> | (89.2) | <u>(18,205)</u> | >(100) | <u>13,199</u> | <u>939,316</u> | (98.6) |
| Profit/(loss)/profit attributable to: | | | | | | | | |
| Owners of the Company | 31,982 | 241,671 | (86.8) | (12,897) | >(100) | 31,177 | 984,931 | (96.8) |
| Non-controlling interests | (8,621) | (24,700) | | (5,308) | | (17,978) | (45,615) | |
| Profit/(loss) for the financial period | <u>23,361</u> | <u>216,971</u> | (89.2) | <u>(18,205)</u> | >(100) | <u>13,199</u> | <u>939,316</u> | (98.6) |



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

12. Review of Group Performance (continued)

(A) Current Quarter Ended 30 September 2023 against Previous Year's Corresponding Quarter Ended 30 September 2022

Overall

The revenue of the Group declined by 21% to RM4.91 billion on the back of lower average CPO price realised in current quarter. The Group's profit before zakat and taxation decreased to RM82.77 million for the current quarter compared to profit before zakat and taxation of RM385.47 million in the corresponding quarter of the previous year due to decline in the profitability of the Plantation Sector.

The lower profit was partially mitigated by improvement reported in Logistic and Others Sector and lower loss posted in Sugar Sector in current quarter.

(a) Plantation Sector

Profit in Plantation Sector declined to RM110.97 million from RM431.41 million in corresponding quarter of the previous year. The decrease was attributed to the lower average CPO price realised of RM3,879 per MT compared to RM4,830 per MT registered in previous year's corresponding quarter coupled with lower CPO sales volume by 12% and higher CPO production costs ex-mill by 25%.

The Sector's results was further brought down by the lower margin achieved in downstream business and share of loss results in joint ventures of RM9.55 million compared to share of profit of RM10.77 million in corresponding quarter of the previous year. Fair value charge on LLA was higher at RM67.12 million compared to RM51.35 million in corresponding quarter of the previous year.

Operationally, FFB production reduced to 1.00 million MT from 1.07 million MT, while yield decreased to 3.73 MT per hectare from 3.93 MT per hectare in corresponding quarter of the previous year. OER achieved in current quarter was 20.89%, improved from 20.36% registered in corresponding quarter of the previous year.

(b) Sugar Sector

Sugar Sector reported a lower loss of RM31.95 million compared to RM71.03 million loss in corresponding quarter of the previous year. The lower loss is attributable to improved margin from higher average selling price, lower freight cost and better capacity utilisation.

(c) Logistics and Others Sector

Logistic and Others Sector reported a marginally higher profit of RM41.72 million compared to RM38.13 million reported in the corresponding quarter of the previous year. This was mainly due to improved profit in Logistic division in tandem with higher handling rate in bulking segment.



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

12. Review of Group Performance (continued)

(B) Current Financial Period Ended 30 September 2023 against the Previous Financial Period Ended 30 September 2022

Overall

The revenue of the Group declined by 28% to RM13.99 billion compared to previous corresponding financial period while the profit before zakat and taxation of the Group decreased significantly to RM157.02 million for the financial period under review compared to RM1.49 billion reported in previous financial period.

The performance of the Group in the current financial period was dragged down by the lower profit registered in Plantation Sector. The improvement in Logistics and Others Sector and lower loss incurred by Sugar Sector have partially mitigated the decline in profit from Plantation Sector.

(a) Plantation Sector

The profit in Plantation Sector plummeted to RM186.62 million for the financial period ended 30 September 2023 from RM1,570.10 million recorded in previous financial corresponding period mainly due to weaker average CPO price realised achieved of RM3,948 per mt against RM4,989 per mt registered in previous corresponding financial period. This was further compounded by higher CPO production costs ex-mill by 35%.

The Sector continued to experience decrease in margins within its downstream and fertiliser businesses. The share of profit from joint ventures declined from RM45.18 million to RM3.00 million in current financial period. In addition, higher impairment loss of non-financial assets amounting to RM58.94 million primarily attributable to the impairment of Indonesian plantation assets was recorded compared to RM13.87 million in previous financial period.

The lower profit was partially cushioned by lower fair value charge on LLA of RM126.79 million against RM268.34 million registered in previous year.

FFB production decreased by 9% to 2.59 million MT from 2.86 million MT, thus led to lower yield of 9.68 mt per hectare compared to 10.44 mt per hectare recorded in the previous financial period. OER achieved was higher at 20.52% compared to 20.35% registered in the previous financial period.

(b) Sugar Sector

Sugar Sector registered a lower loss of RM77.42 million compared to RM130.69 million loss in previous corresponding financial. The lower loss is attributable to improved margin from higher average selling price, lower freight cost and better capacity utilisation.

(c) Logistic and Others Sector

Logistic and Others Sector posted 39% increase in profit to RM102.58 million from RM74.07 million registered in previous financial period. Profit from Logistic division increased by 10% driven by the increase in handling rate in bulking segment despite lower throughput volume achieved while profit from Others Sector improved on the back of higher income reported in IT business. Included in the Others Sector in the previous financial period was impairment loss of RM7.33 million recognised in its receivables



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

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

Overall

The Group recorded a 9% growth in revenue of RM4.91 billion and improved profit before zakat and taxation of RM82.77 million compared to RM14.39 million registered in preceding quarter contributed by improved performance in Plantation and Logistics and Other Sectors in current quarter.

(a) **Plantation Sector**

Plantation Sector recorded an improvement in profit to RM110.97 million from RM13.76 million recorded in the preceding quarter primarily due to increase in CPO sales volume by 7% in current quarter.

Included in the results of the preceding quarter was an impairment loss recognised on non-financial assets amounting to RM48.68 million due to the impairment of Indonesian plantation assets compared to RM18.07 million in current quarter.

The Sector's profit was partially affected by higher fair value charge on LLA of RM67.12 million compared to RM27.51 million registered in preceding quarter and the share of loss in joint ventures of RM9.55 million compared to share of profit of RM5.20 million in preceding quarter.

Operationally, average CPO price realised in current quarter was at RM3,879 per MT compared to RM4,000 per MT in preceding quarter. FFB production increased to 1.00 million MT from 0.78 million MT, hence the higher yield achieved of 3.73 MT per hectare compared to 2.91 MT per hectare in preceding quarter. Higher OER at 20.89% was achieved in current quarter compared to 20.84% registered in the preceding quarter.

(b) **Sugar Sector**

Sugar Sector reported a higher loss of RM31.95 million compared to RM13.75 million loss in preceding quarter largely attributed to high input costs mainly raw sugar, freight cost and weakening of Ringgit Malaysia despite higher overall sales volume and average selling price.

(c) **Logistics and Others Sector**

Logistic and Others Sector recorded a higher profit of RM41.72 million compared to RM23.22 million in preceding quarter on the back of higher throughput and tonnage carried in current quarter in Logistic Sector. The increase was also supported by the improved profitability in travel division under Others Sector in current quarter.



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

14. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

15. Operating profit after LLA

| | Year to date ended 30 September | |
|---|------------------------------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Included in operating profit after LLA are: | | |
| Depreciation of property, plant and equipment | 492,619 | 486,562 |
| Depreciation of right-of-use assets | 55,615 | 43,526 |
| Depreciation of investment properties | 5,755 | 5,835 |
| Property, plant and equipment written off | 6,999 | 1,228 |
| Amortisation of intangible assets | 8,791 | 8,159 |
| Gain on disposal of asset held for sale | (8,332) | - |
| Impairment loss on property, plant and equipment - net | 18,415 | 29,152 |
| Impairment loss on intangible asset | 44,686 | - |
| Impairment loss on biological asset | 1,082 | - |
| Reversal of impairment on right-of-use assets | - | (179) |
| Impairment loss/(reversal of impairment) on asset held for sale | 2,372 | (15,100) |
| Net unrealised foreign exchange gain | (12,570) | (25,991) |

16. Taxation

| | Quarter Ended 30 September | | Year to date Ended 30 September | |
|-----------------------------|-------------------------------|------------------|------------------------------------|------------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Malaysian income tax | | | | |
| Current financial period | (46,736) | (164,363) | (104,006) | (473,944) |
| Prior financial period/year | - | 11,410 | - | 11,410 |
| Foreign income tax | | | | |
| Current financial period | (7,999) | (4,940) | (16,228) | (14,514) |
| Deferred tax | | | | |
| | 12,923 | (4,562) | (5,217) | (35,584) |
| | (41,812) | (162,455) | (125,451) | (512,632) |

The effective tax rate for the financial period ended 30 September 2023 is 91%, higher than the Malaysian income tax rate of 24% due to certain expenses which are not allowable and deferred tax assets not recognised on losses in certain subsidiaries.



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 2023 (continued)

17. Borrowings

| | As at 30 September 2023 | | | | | |
|--------------------------------------|-------------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | 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 | - | 309,495 | - | 155,156 | - | 464,651 |
| Short term trade financing | | | | | | |
| - Thai Baht | - | - | 35,000 | 4,500 | 35,000 | 4,500 |
| Sukuk | - | 397,979 | - | 50,000 | - | 447,979 |
| Unsecured | | | | | | |
| Loan due to ultimate holding company | - | - | - | 226,930 | - | 226,930 |
| Islamic short term trade financing | | | | | | |
| - Ringgit Malaysia | - | - | - | 1,825,282 | - | 1,825,282 |
| - United States Dollar | - | - | 14,042 | 65,886 | 14,042 | 65,886 |
| Short term trade financing | - | - | - | 588,834 | - | 588,834 |
| Hire purchase | - | 54,068 | - | 6,309 | - | 60,377 |
| Total borrowings | | 761,542 | | 2,922,897 | | 3,684,439 |

Exchanges rates applied as at 30 September 2023

| | |
|----------------------|---------|
| United States Dollar | 4.6920 |
| Thai Baht | 12.8583 |

As at 30 September 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. 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 30 September 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 | 62,500 | - | 56 |
| <u>Current</u> | | | |
| Foreign currency forwards | 612,012 | 140 | 3,891 |
| Palm oil futures | 33,942 | 3,930 | - |
| Brent crude oil option futures | 1,517 | - | 1,468 |
| | 647,471 | 4,070 | 5,359 |
| | 709,971 | 4,070 | 5,415 |



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2023.

| <u>30 September 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 | 3,930 | 140 | - | 4,070 |
| - Trading securities | 88,648 | - | - | 88,648 |
| Financial assets at FVOCI | <u>3,155</u> | <u>-</u> | <u>164,839</u> | <u>167,994</u> |
| Total assets | <u>95,733</u> | <u>140</u> | <u>164,839</u> | <u>260,712</u> |
| <u>Liabilities</u> | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| - LLA liability | - | - | 3,570,212 | 3,570,212 |
| - Derivatives | <u>1,468</u> | <u>3,947</u> | <u>-</u> | <u>5,415</u> |
| Total liabilities | <u>1,468</u> | <u>3,947</u> | <u>3,570,212</u> | <u>3,575,627</u> |

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

| | Financial period ended 30 September 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 | 126,789 | 352,870 |
| Repayment during the financial period/year: | | |
| - Fixed lease payments | (182,645) | (243,624) |
| - Share of profits | <u>(54,286)</u> | <u>(233,682)</u> |
| 30 September / December | <u>3,570,212</u> | <u>3,680,354</u> |
| <u>Financial assets at FVOCI</u> | | |
| 1 January | 159,407 | 198,594 |
| Addition | 2,053 | 2,706 |
| Disposal | - | (4,648) |
| Fair value changes | (439) | (35,253) |
| Currency translation differences | <u>3,818</u> | <u>(1,992)</u> |
| 30 September / December | <u>164,839</u> | <u>159,407</u> |



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 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 September 2023.

20. Earnings Per Share

| | Quarter ended 30 September | | Year to date ended 30 September | |
|--|-------------------------------|-------------|------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Profit for the financial period attributable to owners of the Company (RM'000) | 31,982 | 241,671 | 31,177 | 984,931 |
| 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) | 0.88 | 6.62 | 0.85 | 27.00 |

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.



FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 30 September 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.

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 – 30 September 2023 (continued)

24. Prospects

In the current market landscape, CPO prices have faced challenges with a decline attributed to abundant vegetable oil stocks in major consuming countries as well as subdued demand. However, a promising outlook emerges for the fourth quarter, projecting CPO prices to range between RM3,800 and RM4,000 per MT. This positive trajectory is supported by the anticipated impact of El Niño, heightened demand in India driven by Diwali restocking activities and the expanding palm biodiesel industry, all contributing to a bolstered price environment. Although production costs are expected to remain elevated, a potential moderation is foreseen due to lower fertiliser and energy prices.

The Sugar Sector continues to face challenges stemming from elevated global raw sugar prices, increased freight and natural gas costs and a weakening Ringgit amid geopolitical tensions. Despite robust demand both locally and in export markets, the prevailing high input costs impede the sector's performance improvement.

The Logistics Sector remains steadfast in its commitment to performance enhancement through strategic initiatives, including capacity expansion, asset optimization, and embracing cutting-edge technology.

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

29 November 2023