FGV HOLDINGS BERHAD

200701042133 (800165-P)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Period Ended 30 June 2024

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter ended 30 June 2024

	Note	Quarter ended 30 June 2024 RM'000	Quarter ended 30 June 2023 RM'000	% +/(-)	Year to date ended 30 June 2024 RM'000	Year to date ended 30 June 2023 RM'000	% +/(-)
Revenue		5,515,701	4,494,841	***22.7***	10,060,273	9,087,436	***10.7***
Cost of sales		(5,041,483)	(4,205,216)		(9,182,667)	(8,493,618)	
Gross profit		**474,218**	**289,625**	***63.7***	**877,606**	**593,818**	***47.8***
Other operating income		17,595	42,929		45,939	85,509	
Selling and distribution costs		(44,074)	(67,096)		(82,068)	(104,472)	
Administrative expenses		(257,130)	(200,251)		(475,341)	(404,288)	
(Impairment of)/reversal of impairment financial assets (net)		(118)	2,041		(11,181)	1,666	
Other operating expenses		(4,279)	(3,747)		(9,347)	(7,792)	
Commodity gains/(losses) - net		49,772	(4,891)		43,231	2,927	
Operating profit		**235,984**	**58,610**	***>100***	**388,839**	**167,368**	***>100***
Fair value changes in Land Lease Agreement ("LLA") liability		(66,675)	(27,513)		(152,717)	(59,668)	
Operating profit after LLA	15	**169,309**	**31,097**	***>100***	**236,122**	**107,700**	***>100***
Finance income		7,006	9,729		20,385	15,030	
Finance costs		(35,341)	(31,173)		(68,769)	(60,169)	
Share of results from associates		(520)	(461)		(849)	(854)	
Share of results from joint ventures		275	5,200		3,506	12,547	
Profit before zakat and taxation		**140,729**	**14,392**	***>100***	**190,395**	**74,254**	***>100***
Zakat		(1,483)	(266)		(1,955)	(777)	
Taxation	16	(54,456)	(32,331)		(100,386)	(83,639)	
Profit/(loss) for the financial period		**84,790**	**(18,205)**	***>100***	**88,054**	**(10,162)**	***>100***
Profit/(loss) attributable to:							
- Owners of the Company		86,379	(12,897)	*>100*	72,885	(805)	*>100*
- Non-controlling interests		(1,589)	(5,308)		15,169	(9,357)	
		84,790	**(18,205)**	***>100***	**88,054**	**(10,162)**	***>100***
Other comprehensive income/(loss)							
Actuarial gains on defined benefit plan		27	86		164	191	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")		119	(93)		244	3,098	
Share of other comprehensive (loss)/income of joint ventures		(49)	(97)		1,659	(264)	
Realisation of forex exchange reserve upon liquidation of a subsidiary		-	-		-	970	
Currency translation differences		(627)	51,785		38,530	33,695	
Cash flow hedges		11	57		27	82	
Other comprehensive (loss)/income for the financial period, net of tax		(519)	51,738		40,624	37,772	
Total comprehensive income for the financial period		**84,271**	**33,533**	***>100***	**128,678**	**27,610**	***>100***
Total comprehensive income/(loss) attributable to:							
- Owners of the Company		85,101	39,896	*>100*	111,400	44,082	*>100*
- Non-controlling interests		(830)	(6,363)		17,278	(16,472)	
Total comprehensive income for the financial period		**84,271**	**33,533**	***>100***	**128,678**	**27,610**	***>100***
Earnings per share for profit attributable to the Owners of the Company:							
Basic (sen)		2.37	(0.35)		2.00	(0.02)	

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 2023.

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2024

	Note	Unaudited As at 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
Non-current assets			
Property, plant and equipment		7,987,135	7,908,289
Right-of-use assets		2,158,654	2,195,949
Investment properties		62,310	66,074
Intangible assets		888,423	889,593
Interests in associates		57,055	58,060
Interests in joint ventures		595,074	593,623
Deposit and other receivables		153,288	159,511
Deferred tax assets		228,379	237,429
Financial assets at fair value through profit or loss	19	5,397	5,340
Financial assets through other comprehensive income	19	165,701	160,973
Biological assets		4,535	4,717
Tax recoverable		53,287	52,960
		12,359,238	12,332,518
Current assets			
Inventories		1,936,628	1,626,911
Receivables		1,618,703	1,333,653
Biological assets		111,235	65,087
Amount due from ultimate holding company		43,909	32,329
Amounts due from joint ventures		101,684	134,876
Amount due from an associate		38	38
Amounts due from related companies		184,757	62,037
Tax recoverable		34,156	44,139
Financial assets at fair value through profit or loss	19	102,611	89,857
Derivative financial assets	18	2,671	11,935
Contract assets		21,366	26,139
Deposits, cash and bank balances		1,480,791	1,523,234
		5,638,549	4,950,235
Total assets		**17,997,787**	**17,282,753**
Equity			
Share capital		7,029,889	7,029,889
Reserves		(1,056,019)	(1,057,974)
Equity attributable to owners of the Company		**5,973,870**	**5,971,915**
Non-controlling interests		1,607,397	1,610,065
Total equity		**7,581,267**	**7,581,980**

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2024 (continued)

	Note	Unaudited As at 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
Non-current liabilities			
Borrowings	17	1,410,823	1,163,357
LLA liability		3,282,830	3,257,842
Derivative financial liabilities	18	-	11
Provision for asset retirement		31,289	32,674
Provision for defined benefit plan		60,207	62,072
Lease liability		329,843	351,888
Deferred tax liabilities		585,032	591,523
		5,700,024	5,459,367
Current liabilities			
Payables		1,619,856	1,296,536
Amount due to ultimate holding company		250,014	276,663
Amounts due to joint ventures		1,050	506
Amounts due to associates		1,024	331
Amounts due to related companies		5,262	5,950
Borrowings	17	2,337,121	2,269,445
Derivative financial liabilities	18	491	403
Provision for asset retirement		755	734
Lease liability		33,890	30,637
LLA liability		272,778	255,971
Contract liabilities		159,747	91,661
Current tax liabilities		34,508	12,569
		4,716,496	4,241,406
Total liabilities		10,416,520	9,700,773
Total equity and liabilities		**17,997,787**	**17,282,753**
Net assets per share attributable to owners of the Company		1.64	1.64

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 2023.

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital RM'000	Foreign exchange reserve RM'000	Re-organisation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Year to date ended 30 June 2024								
At 1 January 2024	7,029,889	116,727	(3,089,497)	21,928	1,892,868	5,971,915	1,610,065	7,581,980
Profit for the financial period	-	-	-	-	72,885	72,885	15,169	88,054
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	-	-	-	-	100	100	64	164
- fair value changes in financial assets at FVOCI	-	-	-	244	-	244	-	244
<u>Items that will be subsequently reclassified to profit or loss</u>								
- share of other comprehensive income of joint ventures	-	1,659	-	-	-	1,659	-	1,659
- currency translation differences	-	36,498	-	-	-	36,498	2,032	38,530
- cash flow hedge reserves	-	-	-	14	-	14	13	27
		38,157		14	-	38,171	2,045	40,216
Total other comprehensive income for the financial period	**-**	**38,157**	**-**	**258**	**72,985**	**111,400**	**17,278**	**128,678**
<u>Transactions with owners</u>								
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(19,946)	(19,946)
Dividend paid for the financial year ended 31 December 2023 (final)	-	-	-	-	(109,445)	(109,445)	-	(109,445)
Total transactions with owners	-	-	-	-	(109,445)	(109,445)	(19,946)	(129,391)
At 30 June 2024	**7,029,889***	**154,884**	**(3,089,497)**	**22,186**	**1,856,408**	**5,973,870**	**1,607,397**	**7,581,267**

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

	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 June 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
Loss for the financial period	-	-	-	-	(805)	(805)	(9,357)	(10,162)
Other comprehensive income/(loss) for the financial period, net of tax:								
Items that will not be reclassified to profit or loss								
- actuarial gain on defined benefit plan	-	-	-	-	191	191	-	191
- fair value changes in financial assets at FVOCI	-	-	-	3,177	-	3,177	(79)	3,098
Items that will be subsequently reclassified to profit or loss								
- share of other comprehensive loss of joint ventures	-	(264)	-	-	-	(264)	-	(264)
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	970	-	-	-	970	-	970
- currency translation differences	-	40,771	-	-	-	40,771	(7,076)	33,695
- cash flow hedge reserves	-	-	-	42	-	42	40	82
	-	41,477	-	42	-	41,519	(7,036)	34,483
Total other comprehensive income/(loss) for the financial period	-	**41,477**	-	**3,219**	**(614)**	**44,082**	**(16,472)**	**27,610**
Transactions with owners								
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	-	-	-	-	-	-	(11,844)	(11,844)
Total transactions with owners	-	-	-	-	(401,297)	(401,297)	(12,905)	(414,202)
At 30 June 2023	**7,029,889**	**109,633**	**(3,089,497)**	**32,714**	**1,791,703**	**5,874,442**	**1,623,651**	**7,498,093**

* *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 2023.

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Cash Flows

	Year to date ended 30 June	
	2024 RM'000	**2023** RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the financial period	88,054	(10,162)
Adjustments for non-cash items	633,877	586,329
Operating profit before working capital changes	**721,931**	**576,167**
Changes in working capital	(329,189)	9,709
Cash generated from operations	**392,742**	**585,876**
Interest received	20,385	15,030
Taxation paid, net	(59,381)	(220,754)
Zakat paid	(1,955)	(777)
Retirement benefits paid	(3,823)	(332)
Net cash generated from operating activities	**347,968**	**379,043**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(388,954)	(381,170)
Purchase of intangible asset	(4,505)	(1,270)
Proceeds from disposal of assets held for sale	-	25,113
Proceeds from disposal of property, plant and equipment	1,674	229
Proceed from disposal of financial assets at fair value through profit or loss	60,925	207,830
Net cash outflow from liquidation of subsidiary	-	(526)
Additions of financial assets at other comprehensive income	(1,650)	-
Additions of financial assets at fair value through profit or loss (net)	(63,985)	(217,200)
Dividend received from joint ventures	4,278	-
Dividend received from an associate	156	1,545
Net cash used in investing activities	**(392,061)**	**(365,449)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	4,906,742	3,761,383
Repayment of borrowings	(4,590,296)	(3,260,335)
Repayment of LLA liability	(110,922)	(176,068)
Dividend paid to shareholders	(109,445)	(401,297)
Dividend paid to non-controlling interest	(19,946)	(11,844)
Finance costs paid	(83,751)	(76,666)
Payments of lease liabilities	(18,597)	(29,978)
Net cash used in financing activities	**(26,215)**	**(194,805)**
Net decrease in cash and cash equivalents	**(70,308)**	**(181,211)**
Effect of foreign exchange rate changes	27,865	16,565
Cash and cash equivalents at beginning of the financial period	1,523,234	1,397,106
Cash and cash equivalents at end of the financial period	**1,480,791**	**1,232,460**

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 2023.

Explanatory Notes on the Quarterly Report – 30 June 2024

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 2023. 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 2023.

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 2023.

(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:

<u>Effective for annual periods beginning on or after 1 January 2024</u>

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' ('2020 amendments') and 'Non-current Liabilities with Covenants' ('2022 amendments')
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

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

<u>Effective for annual periods beginning on or after 1 January 2025</u>

- Amendments to MFRS 121 on 'Lack of Exchangeability'

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.

3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no other material or unusual items affecting FGV's assets, liabilities, equity, net income or cash flows during the financial period under review.

4. Material Changes in Estimates

There were no other material changes in the estimates of amounts reported in the prior interim period of the current financial year or the interim period of the previous financial year that have a material effect on the results for the current quarter under review.

5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

6. Dividends

The final single tier dividend of 3.0 sen per share on 3,648,151,500 ordinary shares under single-tier system for the financial year ended 31 December 2023 amounting to RM109.44 million was paid on 12 April 2024.

7. Segment Information

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Group Management Committee ("GMC").

The GMC considers the business by product related activities. The reportable segments for the financial year ended 31 December 2024 have been identified as follows:

- Plantation Division - Plantation estates and mill activities including cultivation, harvesting and production of fresh fruit bunches ("FFB") and processing of FFB into crude palm oil ("CPO") and palm kernel ("PK"), research and development activities, fertilisers processing, rubber processing and production, sale of planting materials and security.
- Oils and Fats Division -Trading of CPO, refining of CPO, fractionation of refined bleached deodorised palm oil ("RBDPO") and Palm Olein ("PO"), crushing of PK, production of oleochemicals namely fatty acid and glycerine, processing and sales of biodiesel products, production of consumer bulk and packed products.
- Sugar Division - Sugar refining, sales and marketing of refined sugar and molasses.
- Logistics and Support Division - Bulking and transportation facilities and services, information technology and travel.

Corporate HQ, Others and Elimination mainly relates to the inclusion of investment holding companies within the Group and Group consolidation adjustments, which are not part of the operating segments.

The reportable segments and the entities included in the respective segments have been changed from the financial year ended 31 December 2023 due to the changes in the internal reporting structure to the CODM. Commencing January 2024, certain businesses activities and trading of CPO, which were previously part of Plantation Division, have now been included under Oils and Fats Division. Comparatives have been restated to conform to the revised reportable segments.

The GMC assesses the performance of the operating segments based on profit before zakat and taxation.

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	Oils and Fats RM'000	Sugar RM'000	Logistics and Support RM'000	Corporate HQ, Others and Elimination RM'000	Total RM'000
Year to date ended 30 June 2024							
Total segment revenue		2,949,612	8,933,403	1,877,401	408,242	152,475	14,321,133
Less: Inter-segment revenue		(2,306,808)	(1,492,088)	(137,915)	(185,036)	(139,013)	(4,260,860)
Revenue from external customers		**642,804**	**7,441,315**	**1,739,486**	**223,206**	**13,462**	**10,060,273**
Finance income		3,219	9,352	4,589	2,113	1,112	20,385
Finance costs		(4,075)	(19,657)	(23,303)	(1,436)	(20,298)	(68,769)
Depreciation and amortisation		(243,959)	(35,432)	(37,584)	(38,474)	(9,740)	(365,189)
Fair value changes in LLA liability		(152,717)	-	-	-	-	(152,717)
(Impairment of)/reversal of impairment of:							
- financial assets		(11,783)	(553)	1,041	114	-	(11,181)
- non-financials assets		(2,600)	441	-	-	(674)	(2,833)
Share of results of joint ventures		-	3,506	-	-	-	3,506
Share of results of associates		586	-	-	-	(1,435)	(849)
Profit/(loss) before zakat and taxation for the financial period		**38,416**	**94,179**	**36,818**	**70,094**	**(49,112)**	**190,395**
Disaggregation of the Group's revenue is as follows:	Timing of revenue recognition						
Sales of Palm Oil Products	At a point in time	8,957	6,671,681	-	-	-	6,680,638
Sales of Refined Sugar	At a point in time	-	-	1,739,486	-	-	1,739,486
Others	At a point in time/over time	633,847	769,634	-	223,206	13,462	1,640,149
		642,804	**7,441,315**	**1,739,486**	**223,206**	**13,462**	**10,060,273**

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	Oils and Fats RM'000	Sugar RM'000	Logistics and Support RM'000	Corporate HQ, Others and Elimination RM'000	Total RM'000
Year to date ended 30 June 2023							
Total segment revenue		2,761,211	8,250,528	1,402,983	367,429	167,569	12,949,720
Less: Inter-segment revenue		(2,085,090)	(1,388,368)	(68,405)	(170,906)	(149,515)	(3,862,284)
Revenue from external customers		**676,121**	**6,862,160**	**1,334,578**	**196,523**	**18,054**	**9,087,436**
Finance income		3,927	5,427	3,673	1,582	421	15,030
Finance costs		(1,106)	(15,435)	(19,836)	(1,439)	(22,353)	(60,169)
Depreciation and amortisation		(251,718)	(35,336)	(39,256)	(41,121)	(9,436)	(376,867)
Fair value changes in LLA liability		(59,668)	-	-	-	-	(59,668)
Reversal of impairment/(impairment of):							
- financial assets		3,623	(915)	102	(1,144)	-	1,666
- non-financials assets		(39,469)	(1,390)	-	-	(500)	(41,359)
Share of results of joint ventures		-	12,547	-	-	-	12,547
Share of results of associates		887	-	-	-	(1,741)	(854)
(Loss)/profit before zakat and taxation for the financial period		**(3,319)**	**81,541**	**(45,476)**	**60,861**	**(19,353)**	**74,254**
Disaggregation of the Group's revenue is as follows:	Timing of revenue recognition						
Sales of Palm Oil Products	At a point in time	20,699	6,182,698	-	-	-	6,203,397
Sales of Refined Sugar	At a point in time	-	-	1,334,578	-	-	1,334,578
Others	At a point in time/ over time	655,422	679,462	-	196,523	18,054	1,549,461
		676,121	**6,862,160**	**1,334,578**	**196,523**	**18,054**	**9,087,436**

8. Capital Commitments

	As at 30 June 2024 RM'000	As at 31 December 2023 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	328,461	510,620
	328,461	**510,620**

9. Significant Related Party Transactions

(I) Related party transactions for the financial year ended 30 June 2024 and 30 June 2023 are as follows:

(a) Sales of goods and services

	Year to date ended 30 June	
	2024 RM'000	2023 RM'000
(i) Transactions with joint ventures		
Sales of CPO by FGV Trading Sdn. Bhd. ("FGVT") to FGV Iffco Sdn. Bhd. Group ("FISB Group")	507,176	496,499
Sales of Crude Palm Kernel Oil ("CPKO") by FGV Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group	92,360	101,232
Sales of CPO and refined bleached deodorised ("RBD") products by FGVT to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	67,085	36,475
(ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	208,201	274,686
IT services rendered by FGV Prodata Systems Sdn. Bhd ("Prodata")	26,986	9,719
Security services rendered by FGV Security Services Sdn. Bhd ("FSSSB")	10,142	10,939

9. Significant Related Party Transactions (continued)

(i) Related party transactions for the financial year ended 30 June 2024 and 30 June 2023 are as follows: (continued)

(b) Purchase of goods and services

	Year to date ended 30 June	
	2024 RM'000	2023 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	110,922	176,068
Interest expense charged by FELDA	-	7,809
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	67,449	58,371
Purchase of FFB by FGVT	2,319,003	1,882,095
Joint Consultative Committee payment by FGVT	8,465	7,180

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy and Joint Industry incentive for sugar received/receivable from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup	217,352	83,650
Windfall tax paid/payable to Royal Malaysian Custom Department	42,893	34,567
CESS payment to Malaysia Palm Oil Board	20,972	17,530
Provision of IT solutions to Suruhanjaya Komunikasi dan Multimedia Malaysia	5,550	12,265
Provision of IT solutions to Lembaga Hasil Dalam Negeri Malaysia	36,494	4,649

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.

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 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 filed an appeal to Court of Appeal against the High Court's dismissal of Prodata's application for security for costs. On 18 January 2023, during the case management, parties were informed as follows:
(i) Both Felda & Prodata are appealing the High Court's decision on the Security for Costs applications;
(ii) Felda also filed an appeal on the High Court's decision on Felda's Striking Out application;
(iii) VDSL would like to file an application to amend its Amended Statement of Claim.

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

On 14 March 2023, the High Court was informed that FGV Prodata and FELDA would like to oppose VDSL's application to amend the statement of claim. On 12 September 2023 the High Court granted VDSL's amendment application on the statement of claim. Prodata has filed Re-Amended Defence on 2 November 2023.

The Court Registrar has fixed 2 July 2024 for parties to file in the Common Bundle of Documents and the list of witnesses. The Court also has fixed 16 to 19 June 2025 (4 days) for a full trial. On 2 July 2024, the Court further fixed the next Case Management on 19 September 2024 to monitor the filing of pre-trial documents.

11. Contingent Liabilities and Material Litigation (continued)

Based on legal opinion, there is a fair chance of Prodata succeeding in defending the claim from VDSL. Accordingly, no provision has been recognised as the cash outflow is not probable.

(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.

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 to be borne by the 1st Defendant and 10th to 14th Defendants.

11. Contingent Liabilities and Material Litigation (continued)

On 2 July 2024, the outcome of the Hearing were as follows:

(i) The Court allowed the Plaintiff's application to amend the Reply to the 8th Defendant Defence with costs of RM5,000;
(ii) The Court allowed 8th Defendant's application to file a rejoinder and for the Plaintiff to file a surrejoinder;
(iii) The Court recorded that 2nd to 5th Defendants consented to the Plaintiff's amendment application subject to the filing of rejoinder and then for the Plaintiff to file a surrejoinder.

The Court has fixed trial dates on 2 to 4, 17 to 19 and 22 to 26 September 2025 and a Case Management is fixed on 11 November 2024 to update the Court on the status of pleadings.

No provision has been recognised as the filing of the pleadings has yet to be completed.

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

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

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

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

The solicitors have filed the Notice of Application to strike out the Plaintiff's claim (based on time limitation and res judicata/and or cause of action estoppel) on 31 October 2023. On 22 February 2024, the Court has been informed that that parties have exchanged their submissions for the striking out application. On 17 May 2024, the High Court had allowed Defendant's striking out application with costs of RM2,000.

The Plaintiff dissatisfied with the High Court's decision and filed an appeal with the Court of Appeal on 14 June 2024. The matter is currently awaiting direction from the Court of Appeal, and the first Case Management has yet to be fixed.

The Directors believe the Group has a reasonable chance of succeeding in the application to strike out the claim. Accordingly, no provision has been recognised as the cash outflow is not probable.

11. Contingent Liabilities and Material Litigation (continued)

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

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

On 25 January 2024, the High Court has allowed the Defendant's application to set aside the Judgement in Default dated 13 September 2023. On 8 February 2024, the Defendant filed its Defence. The solicitors have informed the Court that the pleadings have closed. On 9 August 2024, the Court has rescheduled the hearing of the Defendant's striking out application. The Court has yet to fix the new hearing date.

The Directors believe the Group has a reasonable chance of succeeding in the application to strike out the claim. Accordingly, no provision has been recognised as the cash outflow is not probable.

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 June 2024 (continued)

12. Review of Group Performance

	Quarter ended 30 June			Quarter ended 31 March		Year to date ended 30 June		
	2024 RM'000	**2023** RM'000	% +/(-)	**2024** RM'000	% +/(-)	**2024** RM'000	**2023** RM'000	% +/(-)
Revenue	**5,515,701**	**4,494,841**	**22.7**	**4,544,572**	**21.4**	**10,060,273**	**9,087,436**	**10.7**
Plantation	100,555	(61,642)	>100	(62,139)	>100	38,416	(3,319)	>100
Oils and Fats	67,532	76,337	(11.5)	26,647	>100	94,179	81,541	15.5
Sugar	(30,348)	(13,745)	>(100)	67,166	>(100)	36,818	(45,476)	>100
Logistics and Support	37,509	23,218	61.6	32,585	15.1	70,094	60,861	15.2
Sector results	**175,248**	**24,168**	**>100**	**64,259**	**>100**	**239,507**	**93,607**	**>100**
Corporate HQ, Others and Elimination	(34,519)	(9,776)		(14,593)		(49,112)	(19,,353)	
Profit before zakat and taxation	**140,729**	**14,392**	**>100**	**49,666**	**>100**	**190,395**	**74,254**	**>100**
Zakat	(1,483)	(266)		(472)		(1,955)	(777)	
Taxation	(54,456)	(32,331)		(45,930)		(100,386)	(82,639)	
Profit/(loss) for the financial period	**84,790**	**(18,205)**	**>100**	**3,264**	**>100**	**88,054**	**(10,162)**	**>100**
Profit/(loss) attributable to:								
Owners of the Company	**86,379**	**(12,897)**	**>100**	**(13,494)**	**>100**	**72,885**	**(805)**	**>100**
Non-controlling interests	(1,589)	(5,308)		16,758		15,169	(9,357)	
Profit/(loss) for the financial period	**84,790**	**(18,205)**	**>100**	**3,264**	**>100**	**88,054**	**(10,162)**	**>100**

12. Review of Group Performance (continued)

(A) Current Quarter Ended 30 June 2024 against Previous Year's Corresponding Quarter Ended 30 June 2023

Overall

The Group's revenue increased by 23% to RM5.52 billion, driven by a higher average CPO price realised of RM4,103 per MT in the current quarter compared to RM4,000 per MT in the corresponding quarter of the previous year, as well as higher CPO sales volume. The Group's profit before zakat and taxation rose to RM140.73 million, compared to RM14.39 million in the same quarter of the previous year. This improvement was mainly attributed to higher profits in the Plantation and Logistics and Support Divisions.

Nevertheless, the increase in profit was partially offset by weaker performance in the Sugar and Oils & Fats Divisions in the current quarter.

(a) **Plantation Division**

The Plantation Division registered a profit of RM100.55 million, compared to a loss of RM61.64 million in the same quarter last year. The increase in profit was primarily driven by a 23% rise in FFB production to 0.96 million MT from 0.78 million MT in the corresponding quarter of the previous year, resulting in a higher yield of 3.76 MT per hectare from 2.91 MT per hectare in the corresponding quarter of the previous year. Additionally, the FFB price increased by 6.5% to RM819 per MT, while estate operational cost decreased by 6%. The OER for the current quarter declined to 20.48% from 20.84% in the same quarter of the previous year.

The Division's profit was further enhanced by improvements in the R&D segment, driven primarily by higher margins and increased sales volume in the fertiliser business, as well as reduced losses in the Rubber segment. Included in the previous year's corresponding quarter was an impairment loss of RM47.29 million related to Indonesian plantation assets.

However, the higher profit was impacted by an increase in the fair value charge on LLA, which rose to RM66.68 million from RM27.51 million in the corresponding quarter of the previous year.

(b) **Oils & Fats Division**

The Oils & Fats Division reported a lower profit of RM67.53 million compared to RM76.34 million in the corresponding quarter of the previous year. This decline was attributed to a reduced margin in the bulk commodity segment, despite higher sales volumes. The division's performance was also impacted by squeezed margins in the edible oils segment due to fierce competitiveness in the domestic market coupled with low ceiling price imposed on bottled cooking oil products in April 2024.

Additionally, the share of profit in joint ventures decreased to RM0.28 million from RM5.20 million in the corresponding quarter of the previous year due to lower product margins achieved in the oleochemical joint venture.

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12. Review of Group Performance (continued)

(A) Current Quarter Ended 30 June 2024 against Previous Year's Corresponding Quarter Ended 30 June 2023 (continued)

(c) **Sugar Division**

The Sugar Division reported higher losses of RM30.35 million compared to a loss of RM13.75 million in the corresponding quarter of the previous year. Despite recording higher revenue in the current quarter due to increased average selling prices and incentives received for certain packed sugar sold in the domestic market, the losses were attributed to high input costs, mainly for raw sugar and freight as well as the weakening of Ringgit Malaysia, despite better capacity utilisation.

(d) **Logistics and Support Division**

The Logistic and Support Division posted a higher profit of RM37.51 million, up from RM23.22 million in the corresponding quarter of the previous year. The increase was mainly due to higher profits in the Logistics segment, fueled by increased tonnage and improved handling rates in both transport and bulking businesses. The division's profit was further enhanced by higher contributions from the IT segment and the travel business, aligned with the Hajj season in the current quarter.

(B) Current Financial Period Ended 30 June 2024 against the Previous Financial Period Ended 30 June 2023

Overall

The Group's revenue grew by 11% to RM10.06 billion compared to the corresponding financial period last year, driven by a higher average CPO price realised of RM4,020 per MT, up from RM3,995 per MT in the previous financial period. Profit before zakat and taxation rose to RM190.40 million from RM74.25 million in the previous financial period, with all Divisions reporting improvements.

(a) **Plantation Division**

The Plantation Division registered a profit of RM38.42 million, compared to a loss of RM3.32 million in the previous financial period. This improvement was largely due to a 6% increase in FFB production, which reached 1.70 million MT compared to 1.60 million MT in the previous financial period, resulting in a higher yield of 6.64 MT per hectare, up from 5.95 MT per hectare in the corresponding previous financial period. Additionally, estate operational costs were reduced by 2% and the OER improved to 20.53% from 20.30% in the corresponding previous financial period.

The Division's profit was further supported by increased margin in fertiliser business. Included in the result of the corresponding financial period of the previous year was an impairment loss of RM47.29 million for Indonesian plantation assets.

However, the higher profit was partially offset by an increase in the fair value charge on LLA, which rose to RM152.72 million from RM59.67 million in the previous financial period.

12. Review of Group Performance (continued)

(B) Current Financial Period Ended 30 June 2024 against the Previous Financial Period Ended 30 June 2023 (continued)

(b) Oils & Fats Division

The Oils & Fats Division achieved a higher profit of RM94.18 million, compared to RM81.54 million in the previous financial period. This increase was largely due to increased sales volume and higher margins in the bulk commodities segment.

The division's performance was partially affected by lower margins in the edible oils and chemicals segments. Additionally, the share of profit from joint ventures declined to RM3.51 million from RM12.55 million in the previous financial period due to losses incurred in the oleochemical joint venture, which was attributed to lower average selling prices despite higher shipment volume compared to the previous financial period.

(c) Sugar Division

The Sugar Division reported a profit of RM36.82 million, a significant improvement from the loss of RM45.48 million in the previous corresponding financial period. This increase was driven by higher overall average selling prices, increased sales volume and incentives received for certain packed sugar sold in the domestic market.

The profit increase was primarily due to improved margin, resulting from higher average selling prices and better capacity utilisation.

(d) Logistics and Support Division

The Logistics and Support Division reported a profit of RM70.09 million, higher than the RM60.86 million in the corresponding period of the previous year. This increase was primarily attributed to higher profit in the Logistics division, driven mainly by an increase in transportation rate and tonnage handled, as well as higher income from Multi-modal Transport Operator operations and baggage handling for Hajj and Umrah pilgrims. Higher contribution from the IT business in the current financial period also contributed to the increased profit for the Division.

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

Overall

The Group reported a 21% increase in revenue to RM5.52 billion, and a rise in profit before zakat and taxation to RM140.73 million, from RM49.67 million in the preceding quarter. This profit increase was primarily due to higher profits from all divisions except for the Sugar Division.

(a) Plantation Division

The Plantation Division registered a profit of RM100.55 million, compared to a loss of RM62.14 million in the preceding quarter. This turnaround was primarily due to a 31% increase in FFB production to 0.96 million MT from 0.74 million MT, resulting in an improved yield of 3.76 MT per hectare compared to 2.88 MT per hectare in the preceding quarter, along with a 1% reduction in estate operational costs. However, the OER achieved in the current quarter decreased to 20.48% from 20.59% in the preceding quarter.

The Division's profit was further supported by increased profit from the R&D segment, driven by higher margins and increased sales volume in the fertiliser business, as well as a lower fair value charge on LLA, which decreased to RM66.68 million from RM86.04 million in the preceding quarter.

(b) Oils & Fats Division

The Oils & Fats Division recorded a higher profit of RM67.53 million compared to RM26.65 million in the preceding quarter. This increase was attributed to higher margins achieved in the bulk commodities segment and increased sales volume. The chemicals segment also reported stronger shipment volumes and more favourable material costs compared to the preceding quarter.

However, the division's performance was partially offset by a decline in the edible oils segment due to reduced margins and lower sales volume. In addition, the share of profit from joint ventures decreased to RM0.28 million, compared to RM3.23 million registered in the preceding quarter.

(c) Sugar Division

The Sugar Division incurred a loss of RM30.35 million, compared to a profit of RM67.17 million in the preceding quarter. This loss was due to reduced revenue from lower average selling prices and sales volume, along with high input costs, including raw sugar, natural gas, freight and a weakening Ringgit Malaysia.

(d) Logistics and Support Division

The Logistics and Support Division recorded a higher profit of RM37.51 million, compared to RM32.59 million in the preceding quarter. This increase in profit was driven by improved profitability in the Logistics segment, due to higher throughput volume and bulking rates in the current quarter.

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

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

15. Operating profit after LLA

	Year to date ended 30 June	
	2024 RM'000	**2023** RM'000
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	318,836	329,881
Depreciation of right-of-use assets	36,900	37,698
Depreciation of investment properties	3,764	3,836
Property, plant and equipment written off	1,846	3,806
Amortisation of intangible assets	5,689	5,452
Impairment loss on property, plant and equipment - net	2,833	41,359
Gain on disposal of asset held for sale	-	(8,332)
Net unrealised foreign exchange gain	(11,293)	(11,850)

16. Taxation

	Quarter Ended 30 June		Year to date Ended 30 June	
	2024 RM'000	**2023** RM'000	**2024** RM'000	**2023** RM'000
Malaysian income tax				
Current financial period	(47,956)	(37,488)	(90,976)	(57,271)
Foreign income tax				
Current financial period	(3,122)	(3,995)	(6,851)	(8,228)
Deferred tax	(3,378)	9,152	(2,559)	(18,140)
	(54,456)	**(32,331)**	**(100,386)**	**(83,639)**

The effective tax rate for the financial period ended 30 June 2024 is 53%, 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 June 2024 (continued)

17. Borrowings

	As at 30 June 2024					
	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	-	205,536	-	157,903	-	363,,439
Short term trade financing						
- Thai Baht	-	-	45,902	5,902	45,902	5,902
Sukuk	-	348,348	-	55,328	-	403,676
Unsecured						
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,485,786	-	1,485,786
- United States Dollar	-	-	15,698	74,089	15,698	74,089
Short term trade financing	-	-	-	495,312	-	495,312
Sukuk		749,665	-	62,394		812,059
Hire purchase	-	107,274	-	407	-	107,681
Total borrowings		**1,410,823**		**2,337,121**		**3,747,944**

Exchanges rates applied as at 30 June 2024	
United States Dollar	4.7195
Thai Baht	12.8308

As at 30 June 2024, certain short term trade financing is secured over certain property, plant and equipment, benefits of an insurance covering finished goods, and guaranteed by some of the Directors and/or shareholders of certain subsidiary companies. Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group. Certain Sukuk is secured against a land of a subsidiary company.

MSM Malaysia Holdings Berhad ("MSMH"), a subsidiary of the Group, is required to comply with three financial covenants i.e. (i) consolidated net debt and financing to equity ratio, (ii) consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio and (iii) consolidated finance payment cover ratio (collectively known as "financial covenants"). The financial covenants are to be complied with annually.

MSMH continues to review and monitor the relevant financial covenants of its debts with financial institutions. MSMH expects that it will not be able to meet the financial covenant (ii) consolidated net debt and financing to EBITDA ratio, when it is subject to compliance testing requirement within 6 months after the reporting period. Based on past experience, MSMH has managed to obtain a waiver or letter of indulgence when required.

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 June 2024 are as follows:

	Contractual/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
Current			
Foreign currency forwards	112,084	264	196
Palm oil futures	22,171	2,407	-
Brent crude oil option	621	-	295
	134,876	2,671	491

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 2023. 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 June 2024.

30 June 2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at fair value through profit or loss:				
- Derivatives	2,407	264	-	2,671
- Trading securities	108,008	-	-	108,008
Financial assets at FVOCI	3,576	-	162,125	165,701
Total assets	113,991	264	162,125	276,380
Liabilities				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,555,608	3,555,608
- Derivatives	295	196	-	491
Total liabilities	295	196	3,555,608	3,556,099

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

	Year to date ended 30 June 2024 RM'000	Financial year ended 31 December 2023 RM'000
LLA liability		
1 January	3,513,813	3,680,354
Fair value changes charged to profit or loss	152,717	133,706
Repayment during the financial period/year:		
- Fixed lease payments	(110,922)	(243,507)
- Share of profits	-	(56,740)
31 December	3,555,608	3,513,813
Financial assets at FVOCI		
1 January	157,716	159,407
Addition	1,650	1,997
Fair value changes	-	(7,670)
Currency translation differences	2,759	3,982
31 December	162,125	157,716

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 30 June 2024.

20. Earnings Per Share

	Quarter ended 30 June		Year to date ended 30 June	
	2024	2023	2024	2023
Profit/(loss) for the financial period attributable to Owners of the Company (RM'000)	86,379	(12,897)	72,885	(805)
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)	**2.37**	**(0.35)**	**2.00**	**(0.02)**

21. Status of Corporate Proposals

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

22. Significant Events

(i) In the previous financial year, 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")

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

On 26 February 2024, the Company submitted an application to Bursa Securities to apply for a further extension of time of fourteen (14) months from 3 March 2024 to 2 May 2025 for the Company to comply with the Public Spread Requirement pursuant to Paragraph 8.02(4) of the Listing Requirements.

22. Significant Events (continued)

On 19 March 2024, the Company announced that the Bursa Securities, vide its letter dated 18 March 2024, granted the Company an extension of time to comply with the public shareholding spread requirement for a further six (6) months from 3 March 2024 until the expiration of the extension on 2 September 2024 after taking into consideration of all circumstances of the matter.

23. Material events after reporting period

On 13 August 2024, the Company announced that FELDA in its letter to the Company dated 26 July 2024, updated that it is still seeking directions from the Ministry of Finance (MOF) and the Prime Minister's Department on the Proposals. However, Bursa Securities' approval for the listing and quotation of the FGV RPS-i on the Main Market of Bursa Securities had lapsed on 10 April 2024 and Bursa Securities' approval for the extension of time to issue the circular in relation to the Proposals ("Circular") is valid until 13 August 2024.

In view of the above, FGV intends to take the necessary steps to resume the implementation of the Proposals and re-apply for the listing and quotation of the FGV RPS-i as well as submit the draft Circular for Bursa Securities' perusal after FELDA has obtained the necessary consents, subject to approval from the Board.

24. Prospects

Despite easing foreign labour shortages and favourable weather, CPO prices are expected to remain volatile due to a potential shift to La Niña later in the year, global crop production, and fluctuations in vegetable oil stock levels and consumption. Demand and supply for palm oil are expected to stay steady in the second half. Nevertheless, the projected CPO price range for 2024 is expected to be between RM3,800 and RM4,000 per MT.

Operationally, FGV will continue prioritising yield enhancement initiatives within its plantation operations by closely monitoring crop harvesting processes and expanding mechanisation for efficient Fresh Fruit Bunches (FFB) evacuation. The Group is actively diversifying its FFB supplier base to enhance supply chain stability. On the cost side, the drop in fertiliser prices has helped reduce production cost pressures and is anticipated to continue softening throughout 2024.

The Sugar Division remains cautious about the rising geopolitical tensions, which may increase input costs and impact financial performance. Simultaneously, the Division is strengthening its presence in domestic and export markets, while exploring new regional opportunities. The Logistics and Support Division will continue to drive growth through strategic collaborations in the logistics and technology space through expansion and digitalisation.

In terms of sustainability, FGV has launched an enhanced Sustainability Framework, broadening its sustainability commitments to five key pillars, including economic growth, governance, social, environmental, and innovation and technology. Additionally, on 30 June 2024, FGV submitted a petition to the United States Customs and Border Protection (US CBP) to modify the Withhold Release Order (WRO).

Barring any unforeseen circumstances, the Board expects a satisfactory performance for the financial year, align with industry expectations.

By Order of the Board

Azni Ariffin
Company Secretary

27 August 2024