



**FGV HOLDINGS BERHAD**

200701042133 (800165-P)

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Year Ended 31 December 2020**



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT**

**On consolidated results for the quarter ended 31 December 2020**

The Directors are pleased to announce the following:

**Unaudited Condensed Consolidated Statement of Profit and Loss  
Amounts in RM thousand unless otherwise stated**

	Note	Quarter ended 31 December			Year to date ended 31 December		
		2020	2019	% + / (-)	2020	2019	% + / (-)
Revenue		4,008,806	3,154,349	27.1	14,075,712	13,259,012	6.2
Cost of sales		(3,440,868)	(2,929,442)	(17.4)	(12,474,425)	(12,049,310)	(3.5)
<b>Gross profit</b>		<u>567,938</u>	<u>224,907</u>	>100	<u>1,601,287</u>	<u>1,209,702</u>	32.4
Other operating income		75,871	25,800	>100	139,819	100,391	39.3
Selling and distribution costs		(20,308)	17,918	<100	(114,671)	(149,908)	23.5
Administrative expenses		(169,397)	(269,192)	35.4	(770,772)	(861,554)	10.5
(Impairment)/reversal of impairment of financial assets (net)		(4,594)	19,777	<100	9,306	(86,300)	>100
Other operating expenses		(174,527)	(2,905)	<100	(299,148)	(171,820)	(74.1)
Commodity (losses)/gains - net		(49,195)	(6,164)	<100	41,086	2,322	>100
<b>Operating profit</b>		<u>225,788</u>	<u>10,141</u>	>100	<u>606,907</u>	<u>42,833</u>	>100
Fair value changes in Land Lease Agreement ('LLA') liability		98,460	41,616	>100	(158,490)	(236,821)	33.1
<b>Operating profit/(loss) after LLA</b>	15	<u>324,248</u>	<u>51,757</u>	>100	<u>448,417</u>	<u>(193,988)</u>	>100
Finance income		22,259	3,308	>100	39,336	25,085	56.8
Finance costs		(35,066)	(17,597)	(99.3)	(161,477)	(183,158)	11.8
Share of results from associates		476	(201)	>100	366	(1,625)	>100
Share of results from joint ventures		14,140	20,228	(30.1)	26,853	14,858	80.7
<b>Profit/(loss) before zakat and taxation</b>		<u>326,057</u>	<u>57,495</u>	>100	<u>353,495</u>	<u>(338,828)</u>	>100
Zakat		(10,900)	(6,271)	(73.8)	(16,300)	(6,397)	<100
Taxation	16	(127,091)	(2,082)	<100	(198,417)	(25,931)	<100
<b>Profit/(loss) for the financial period/year</b>		<u>188,066</u>	<u>49,142</u>	>100	<u>138,778</u>	<u>(371,156)</u>	>100
<b>Profit/(loss) attributable:</b>							
-Owners of the Company		134,927	71,806	87.9	150,020	(246,174)	>100
-Non-controlling interests		53,139	(22,664)	>100	(11,242)	(124,982)	91.0
		<u>188,066</u>	<u>49,142</u>	>100	<u>138,778</u>	<u>(371,156)</u>	>100
Earnings/(loss) per share for loss attributable to the the owners of the Company:							
Basic (sen)	20	3.7	2.0		4.1	(6.7)	



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the quarter ended 31 December 2020 (continued)**

**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**Amounts in RM thousand unless otherwise stated**

	Quarter ended 31 December			Year to date ended 31 December		
	2020	2019	% + / (-)	2020	2019	% + / (-)
<b>Profit/(loss) for the financial period/year</b>	188,066	49,142	>100	138,778	(371,156)	>100
<b>Other comprehensive (loss)/income</b>						
Actuarial loss on defined benefit plan	(3,263)	(6,844)		(4,333)	(5,602)	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	35,444	5,133		47,406	13,176	
Realisation of foreign exchange reserve upon disposal of a subsidiary	(2,193)	-		(2,193)	(3,658)	
Share of other comprehensive income/(loss) of an associate	3	(1,056)		3	(1,056)	
Share of other comprehensive loss of joint ventures	(1,946)	(24,395)		(4,865)	(38,606)	
Currency translation differences	(26,816)	(15,655)		(20,547)	(9,059)	
Cash flow hedges	1,506	(1,527)		(4,241)	(5,528)	
Other comprehensive loss for the financial period/year net of tax	2,735	(44,344)		11,230	(50,333)	
<b>Total comprehensive income/(loss) for the financial period/year</b>	<u>190,801</u>	<u>4,798</u>	>100	<u>150,008</u>	<u>(421,489)</u>	>100
<b>Total comprehensive income/(loss) attributable to:</b>						
- Owners of the Company	139,854	28,557	>100	166,218	(292,355)	>100
- Non-controlling interests	50,947	(23,759)	>100	(16,210)	(129,134)	87.4
<b>Total comprehensive income/(loss) for the financial period/year</b>	<u>190,801</u>	<u>4,798</u>	>100	<u>150,008</u>	<u>(421,489)</u>	>100

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 2019.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the quarter ended 31 December 2020 (continued)**

**Unaudited Condensed Consolidated Statement of Financial Position**  
**Amounts in RM thousand unless otherwise stated**

	Note	Unaudited As at 31 December 2020	Audited As at 31 December 2019
<b><u>Non-current assets</u></b>			
Property, plant and equipment		7,816,229	8,190,118
Right-of-use assets		2,290,597	2,213,761
Investment properties		93,789	106,049
Intangible assets		958,384	969,754
Interests in associates		38,058	39,757
Interests in joint ventures		444,959	437,064
Amount due from a significant shareholder		12,455	52,276
Amount due from a joint venture		-	1017
Amounts due from related companies		-	12,218
Deposit and other receivables		141,654	86,736
Deferred tax assets		465,244	651,301
Financial assets through other comprehensive income		144,251	107,434
		<u>12,405,620</u>	<u>12,867,485</u>
<b><u>Current assets</u></b>			
Inventories		1,192,616	1,313,037
Receivables		1,411,105	1,213,217
Biological assets		57,001	45,766
Amount due from a significant shareholder		62,440	70,375
Amounts due from joint ventures		26,908	148,011
Amounts due from related companies		62,487	76,618
Tax recoverable		30,711	51,264
Financial assets at fair value through profit or loss		68,201	58,940
Derivative financial assets	18	14,061	18,388
Contract assets		27,880	28,417
Deposits, cash and bank balances		1,729,194	1,617,622
		<u>4,682,604</u>	<u>4,641,655</u>
Assets held for sale		31,866	192,499
		<u>4,714,470</u>	<u>4,834,154</u>
<b>Total assets</b>		<u>17,120,090</u>	<u>17,701,639</u>
<b><u>Equity</u></b>			
Share capital		7,029,889	7,029,889
Treasury shares		(1,191)	(302)
Reserves		(2,763,131)	(2,856,386)
<b>Equity attributable to owners of the Company</b>		<u>4,265,567</u>	<u>4,173,201</u>
Non-controlling interests		1,839,226	1,927,099
<b>Total equity</b>		<u>6,104,793</u>	<u>6,100,300</u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the quarter ended 31 December 2020 (continued)**

**Unaudited Condensed Consolidated Statement of Financial Position (continued)**  
**Amounts in RM thousand unless otherwise stated**

	Note	Unaudited As at 31 December 2020	Audited As at 31 December 2019
<b><u>Non-current liabilities</u></b>			
Borrowings	17	773,182	766,054
Loans due to a significant shareholder	17	882,866	883,176
LLA liability		3,873,025	4,063,332
Derivative financial liabilities	18	10,163	5,166
Provision for asset retirement		32,358	32,124
Provision for defined benefit plan		67,492	87,801
Lease liability		354,978	258,957
Deferred tax liabilities		577,071	671,954
Payables		12,747	12,000
		6,583,882	6,780,564
<b><u>Current liabilities</u></b>			
Payables		1,080,802	906,970
Loans due to a significant shareholder	17	3,321	3,322
Amount due to a significant shareholder		265,984	216,558
Amounts due to associates		494	485
Amounts due to related companies		1,374	1,604
Borrowings	17	2,633,582	3,254,504
Derivative financial liabilities	18	929	29,266
Provision for asset retirement		643	655
Lease liability		21,768	41,838
LLA liability		340,799	252,814
Contract liabilities		81,719	77,623
Current tax liabilities		-	34,520
		4,431,415	4,820,159
Liabilities related to assets held for sale		-	616
		4,431,415	4,820,775
<b>Total liabilities</b>		11,015,297	11,601,339
<b>Total equity and liabilities</b>		17,120,090	17,701,639
Net assets per share attributable to owners of the Company		1.17	1.14

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 2019.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Changes in Equity**  
**Amounts in RM thousand unless otherwise stated**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Year to date ended 31 December 2020</b>									
At 1 January 2020	7,029,889	(302)	52,218	(3,089,497)	(20,682)	201,575	4,173,201	1,927,099	6,100,300
Profit/(loss) for the financial year	-	-	-	-	-	150,020	150,020	(11,242)	138,778
Other comprehensive (loss)/income for the financial year, net of tax:									
<u>Items that will not be reclassified to profit or loss</u>									
- actuarial loss on defined benefit plan	-	-	-	-	-	(4,067)	(4,067)	(266)	(4,333)
- fair value changes in financial assets at FVOCI	-	-	-	-	47,476	-	47,476	(70)	47,406
- realisation of other comprehensive income reserves upon disposal of a FVOCI investment	-	-	-	-	(14,007)	14,007	-	-	-
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	(17,993)	-	-	-	(17,993)	(2,554)	(20,547)
- realisation of foreign exchange reserve upon disposal of a subsidiary	-	-	(2,193)	-	-	-	(2,193)	-	(2,193)
- share of other comprehensive income of an associate	-	-	3	-	-	-	3	-	3
- share of other comprehensive loss of joint ventures	-	-	(4,865)	-	-	-	(4,865)	-	(4,865)
- cash flow hedge reserves	-	-	-	-	(2,163)	-	(2,163)	(2,078)	(4,241)
Total other comprehensive (loss)/income for the financial year	-	-	(25,048)	-	(2,163)	159,960	(27,211)	(4,632)	(31,843)
	-	-	(25,048)	-	31,306	159,960	166,218	(16,210)	150,008
<u>Transactions with owners</u>									
Treasury shares	-	(4,250)	-	-	-	-	(4,250)	-	(4,250)
Employee share grant	-	-	-	-	3,361	-	3,361	-	3,361
Transfer to LTIP reserve	-	3,361	-	-	(3,361)	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	2,676	2,676
Accretion of interest in subsidiaries	-	-	-	-	-	-	-	1,076	1,076
Disposal of a subsidiary	-	-	-	-	-	-	-	16,446	16,446
Dividend paid for the financial year ended 31 December 2019 (final)	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(91,861)	(91,861)
Total transactions with owners	-	(889)	-	-	-	(72,963)	(73,852)	(71,663)	(145,515)
At 31 December 2020	7,029,889*	(1,191)	27,170	(3,089,497)	10,624	288,572	4,265,567	1,839,226	6,104,793



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Changes in Equity (continued)**  
**Amounts in RM thousand unless otherwise stated**

	Share capital	Treasury shares	Foreign exchange reserve	Re-organisation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Year to date ended 31 December 2019</b>									
At 1 January 2019	7,029,889	(705)	103,551	(3,089,497)	(31,003)	452,918	4,465,153	2,138,628	6,603,781
Loss for the financial year	-	-	-	-	-	(246,174)	(246,174)	(124,982)	(371,156)
Other comprehensive income/(loss) for the financial year, net of tax:									
<u>Items that will not be reclassified to profit or loss</u>									
- actuarial gain on defined benefit plan	-	-	-	-	-	(5,169)	(5,169)	(433)	(5,602)
- fair value changes in financial assets at FVOCI	-	-	-	-	13,140	-	13,140	36	13,176
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	(8,013)	-	-	-	(8,013)	(1,046)	(9,059)
- realisation of foreign exchange reserve upon disposal of a subsidiary	-	-	(3,658)	-	-	-	(3,658)	-	(3,658)
- share of other comprehensive loss of an associates	-	-	(1,056)	-	-	-	(1,056)	-	(1,056)
- share of other comprehensive loss of joint ventures	-	-	(38,606)	-	-	-	(38,606)	-	(38,606)
- cash flow hedge reserves	-	-	-	-	(2,819)	-	(2,819)	(2,709)	(5,528)
	-	-	(51,333)	-	(2,819)	-	(54,152)	(3,755)	(57,907)
Total other comprehensive (loss)/income for the financial year	-	-	(51,333)	-	10,321	(251,343)	(292,355)	(129,134)	(421,489)
<u>Transactions with owners</u>									
Treasury shares	-	(3,186)	-	-	-	-	(3,186)	-	(3,186)
Employee share grant	-	-	-	-	3,589	-	3,589	-	3,589
Transfer to LTIP reserve	-	3,589	-	-	(3,589)	-	-	-	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(82,395)	(82,395)
Total transactions with owners	-	403	-	-	-	-	403	(82,395)	(81,992)
At 31 December 2019	7,029,889*	(302)	52,218	(3,089,497)	(20,682)	201,575	4,173,201	1,927,099	6,100,300

\* 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 2019.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**Amounts in RM thousand unless otherwise stated**

	<b>Year to date ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) for the financial year</b>	138,778	(371,156)
Adjustments for non-cash items	1,372,329	1,482,683
<b>Operating profit before working capital changes</b>	1,511,107	1,111,527
Changes in working capital	278,496	848,984
<b>Cash generated from operations</b>	1,789,603	1,960,511
Interest received	39,336	25,085
Taxation (paid)/refund, net	(104,594)	45,975
Zakat paid	(16,300)	(6,397)
Retirement benefits paid	(2,391)	(17,057)
Payment for litigation loss	-	(32,674)
<b>Net cash generated from operating activities</b>	1,705,654	1,975,443
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(371,297)	(620,894)
Purchase of right-of-use assets	-	(4,860)
Purchase of intangible asset	(5,927)	(3,262)
Net cash inflow from acquisition of subsidiaries	207	-
Net cash inflow from disposal of a subsidiary	-	77,347
Proceeds from disposal of property, plant and equipment	1,688	385
Proceeds from disposal of investment in an associate	-	29,000
Proceeds from disposal of assets held for sale	54,522	-
Proceeds from disposal of financial assets at FVOCI	14,007	-
Proceeds from sale of financial assets at fair value through profit or loss (net)	-	8,731
Additions of financial assets at FVOCI	(3,521)	(8,034)
Additions of financial assets at fair value through profit or loss (net)	-	(23,781)
Additional investment in a joint venture	(1,274)	(6,584)
Repayment of loan from a joint venture	-	22,510
Payment for asset retirement	-	(63)
Dividend received from an associate	3,437	1,167
Dividend received from joint ventures	16,401	42,895
Dividend received from financial assets at FVOCI	-	1,394
<b>Net cash used in investing activities</b>	(291,757)	(484,049)





**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**  
**Amounts in RM thousand unless otherwise stated**

	<b>Year to date ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	6,214,180	4,474,502
Repayment of borrowings	(6,840,919)	(4,699,230)
Repayment of LLA liability	(260,812)	(248,683)
Dividend paid to shareholders	(72,963)	-
Dividend paid to non-controlling interest	(91,861)	(82,395)
Finance costs paid	(193,955)	(221,921)
Repayment of loan due to a significant shareholder	-	(272,605)
Payments of lease liabilities	(37,844)	(39,121)
Purchase of treasury stock	(4,250)	(3,186)
Decrease in restricted cash	(14,562)	75,169
<b>Net cash used in financing activities</b>	<u>(1,302,986)</u>	<u>(1,017,470)</u>
<b>Net increase in cash and cash equivalents</b>	110,911	473,924
Effect of foreign exchange rate changes	(13,788)	(1,644)
Cash and cash equivalents at beginning of the financial year	<u>1,568,447</u>	<u>1,096,007</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>1,665,570</u></u>	<u><u>1,568,447</u></u>
Deposits, cash and bank balances	1,729,194	1,617,622
Less: Restricted cash	(63,737)	(49,335)
Add/(less): Assets held for sale	<u>113</u>	<u>(160)</u>
Cash and cash equivalents at end of the financial year	<u><u>1,665,570</u></u>	<u><u>1,568,447</u></u>

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 2019.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020**  
**Amounts in RM thousand unless otherwise stated**

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 2019. 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 2019.

**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 2019.

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 2020 with earlier application permitted

- The Conceptual Framework for Financial Reporting
- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Material
- Amendments to MFRS 3 'Business Combinations' - Definition of Business
- Amendments to MFRS 9 'Financial Instruments' and MFRS 7 'Financial Instruments – Disclosures' – Interest Rate Benchmark Reform'

Effective for annual periods beginning on or after 1 January 2022 with earlier application permitted

- Amendments to MFRS 101 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**

**Amounts in RM thousand unless otherwise stated**

**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**

During the quarter under review, the property, plant and equipment and right-of-use assets of Asian Plantations Limited totalling of RM141.41 million had been fully impaired as a result of lower recoverable amount. There were no other material or unusual items affecting FGV’s assets, liabilities, equity, net income or cash flows during the financial period under review.

**4. Material Changes in Estimates**

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

**5. Debt and Equity Securities**

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

**6. Dividends**

No dividend has been paid during the quarter ended 31 December 2020.

The Board of Directors has agreed to declare a final dividend payment of 3.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM109.44 million for the financial year ended 31 December 2020.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**

**Amounts in RM thousand unless otherwise stated**

**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 2020 have been identified as follows:

- Plantation Sector - Plantation estates activities including cultivation, harvesting and production of fresh fruit bunches (“FFB”) and processing of FFB into crude palm oil (“CPO”) and palm kernel (“PK”), 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, production of graphene and nanotubes, processing and sales of biodiesel products, production of consumer bulk and packed products, trading of CPO, research and development activities, fertilisers processing, rubber processing, production and sale of planting materials, security and integrated farming.
- Sugar Sector - Sugar refining, sales and marketing of refined sugar and molasses.
- Logistics and Others (“LO”) Sector - Bulking and transportation facilities and services, engineering services, information technology and travel.

Corporate HQ 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 GMC assesses the performance of the operating segments based on profit/(loss) before zakat and taxation.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**

Amounts in RM thousand unless otherwise stated

**7. Segment Information (continued)**

The segment information provided to the GMC for the reportable segments of FGV for the financial year is as follows:

	Plantation	Sugar	Logistics and Others	Corporate HQ and Elimination	Total
<b>Year to date ended 31 December 2020</b>					
Total segment revenue	17,110,796	2,361,340	590,350	300,317	20,362,803
Less : Inter-segment revenue	(5,537,323)	(176,105)	(287,731)	(285,932)	(6,287,091)
Revenue from external customers	<u>11,573,473</u>	<u>2,185,235</u>	<u>302,619</u>	<u>14,385</u>	<u>14,075,712</u>
Finance income	16,499	17,295	4,940	602	39,336
Finance costs	(84,427)	(48,085)	(4,116)	(24,849)	(161,477)
Depreciation and amortisation	(540,600)	(81,481)	(89,714)	(24,731)	(736,526)
Fair value changes in LLA liability	(158,490)	-	-	-	(158,490)
(Impairment of)/ reversal of impairment of:					
-financial assets	(8,483)	(6,986)	24,775	-	9,306
-non-financials assets	(204,480)	(33,960)	(9,100)	11,584	(235,956)
Share of results of joint ventures	20,722	-	-	6,131	26,853
Share of results of associates	1,193	-	-	(827)	366
Profit/(loss) before zakat and taxation for the financial year	<u>408,311</u>	<u>(33,315)</u>	<u>50,488</u>	<u>(71,989)</u>	<u>353,495</u>
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>				
Sales of Palm Products Oils	8,181,228	-	-	-	8,181,228
Sales of Sugar	-	2,185,235	-	-	2,185,235
Others	3,392,245	-	302,619	14,385	3,709,249
	<u>11,573,473</u>	<u>2,185,235</u>	<u>302,619</u>	<u>14,385</u>	<u>14,075,712</u>



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

The segment information provided to the GMC for the reportable segments of FGV for the financial year is as follows: (continued)

	Plantation	Sugar	Logistics and Others	Corporate HQ and Elimination	Total
<b>Year to date ended 31 December 2019 (restated)</b>					
Total segment revenue	15,682,268	2,423,753	674,860	396,508	19,177,389
Less : Inter-segment revenue	(4,794,303)	(416,742)	(321,051)	(386,281)	(5,918,377)
Revenue from external customers	<u>10,887,965</u>	<u>2,007,011</u>	<u>353,809</u>	<u>10,227</u>	<u>13,259,012</u>
Finance income	11,017	6,152	729	697	25,085
Finance costs	(75,310)	(7,985)	(324)	(27,589)	(183,158)
Depreciation and amortisation	(579,882)	(9462)	(9,471)	(18,771)	(783,736)
Fair value changes in LLA liability	(236,821)	-	-	-	(236,821)
Impairment of:					
-financial assets	(24,758)	(6,812)	(750)	(47,170)	(86,300)
-non-financial assets	(800)	(146,681)	(20,781)	-	(168,262)
Share of results of joint ventures	9,331	-	-	5,527	14,858
Share of results of associates	<u>1,038</u>	-	-	<u>(2,663)</u>	<u>(1,625)</u>
(Loss)/profit before zakat and taxation for the financial year	<u>(8,504)</u>	<u>(316,129)</u>	<u>30211</u>	<u>(44,406)</u>	<u>(338,828)</u>
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>				
Sales of Palm Products Oils	7,078,204	815	-	-	7,079,019
Sales of Sugar	-	2,006,127	-	-	2,006,127
Others	3,809,761	69	353,809	10,227	4,173,866
	<u>10,887,965</u>	<u>2,007,011</u>	<u>353,809</u>	<u>10,227</u>	<u>13,259,012</u>



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**8. Capital Commitments**

Authorised capital expenditure not provided for are as follows:

	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
Capital expenditure approved and contracted for:		
- Property, plant and equipment	<u>166,006</u>	<u>207,874</u>
	<u>166,006</u>	<u>207,874</u>

**9. Significant Related Party Transactions**

As at 31 December 2020, Federal Land Development Authority (“FELDA”), a significant shareholder of the Group, effectively owns 47.5% of the issued share capital of the Company. FELDA is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – “Related Party Disclosures”, FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as “government-related entities”) are related parties of the Group.

The Group have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- (i) Purchasing of goods and services, including use of public utilities and amenities
- (ii) Placing of bank deposits with government-related financial institutions

These transactions are conducted in the ordinary course of the Group’s business on terms consistently applied in accordance with the Group’s internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial year ended 31 December 2020 and 31 December 2019 are as follows:

(a) Sales of goods and services

	<b>Year to date ended</b>	
	<b>31 December</b>	
	2020	2019
<b>(i) Transactions with joint ventures</b>		
Sales of CPO by FGV Trading Sdn. Bhd. (“FGVT”) and FGV Palm Industries Sdn. Bhd. (“FGVPI”) to FGV Iffco Sdn. Bhd. Group (“FISB Group”)	698,385	929,003
Sales of Crude Palm Kernel Oil (“CPKO”), Refined Bleached Deodorised Palm Kernel Oil (“RBDPKO”) and Palm Kernel Fatty Acid Distillate (“PKFAD”) by FGV Kernel Products Sdn. Bhd. (“FKPSB”) to FISB Group and FPG Oleochemicals Sdn. Bhd. (“FPG”)	723,625	807,116
Sales of CPO by FGVT and FPI to MAPAK Edible Oil Pvt. Ltd. (“MAPAK”)	266,384	213,217
Provision of storage space for vegetable oil by FGV Bulkera Sdn. Bhd. (“FBSB”) to FISB Group and FPG	18,051	16,233
<b>(ii) Transaction with an associate</b>		
Sales of PPO by FGVT and FPI to F.K.W. Global Commodities (Private) Limited (“FKW”)	29,070	23,379
<b>(iii) Transactions with FELDA and its subsidiaries</b>		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. (“FGVFSB”)	160,135	180,189
IT services rendered by FGV Prodata Systems Sdn. Bhd (“Prodata”)	23,295	23,246
Security services rendered by FGV Security Services Sdn. Bhd (“FSSSB”)	18,981	21,794





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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial year ended 31 December 2020 and 31 December 2019 are as follows: (continued)

(a) Sales of goods and services (continued)

	<b>Year to date ended 31 December</b>	
	2020	2019
(iii) Transactions with FELDA and its subsidiaries		
Sales of seedlings and planting materials by FGV Agri Services Sdn. Bhd. ("FASSB")	10,547	15,172

(b) Purchase of goods and services

	<b>Year to date ended 31 December</b>	
	2020	2019
Transactions with FELDA and its subsidiaries:		
LLA liability paid/payable by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	260,812	248,683
Interest expense charged by FELDA	42,646	45,201
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	136,033	133,925
Purchase of FFB by FGVT and FPI	3,000,019	2,624,697
Joint Consultative Committee payment by FGVT and FPI to FELDA	12,400	13,136

(c) Transactions with Government related entities

	<b>Year to date ended 31 December</b>	
	2020	2019
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	51,778	12,585
CESS payment to MPOB	38,771	39,901



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**10. Effect of Significant Changes in the Composition of FGV**

Acquisition of a subsidiary

On 19 February 2020, FGV Integrated Farming Holdings Sdn. Bhd. (previously known as FGV Leads Sdn. Bhd.), a wholly-owned subsidiary of FGV, subscribed to 60% equity interest of FGV Dairy Farm Sdn. Bhd. (previously known as Redagri Farm Sdn. Bhd.) for a total subscription consideration of RM10.05 million.

The effect of the acquisition is as follow:

	Carrying value
Property, plant and equipment	10,522
Cash and cash equivalents	10,257
Borrowings	(13,596)
Net current liabilities	(494)
Net assets acquired	6,689
Non-controlling interest	(2,676)
Total net assets acquired	4,013
Subscription consideration	(10,050)
Goodwill on acquisition	6,037

The cash inflow on the acquisition is as follows:

Subscription consideration	10,050
Less: Cash and cash equivalents acquired	(10,257)
Net cash inflow on acquisition	207

The effect of the acquisition on the results of the Group for the financial year ended had the acquisition taken effect at the beginning of the financial year is not material.

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**11. Contingent Liabilities and Material Litigation**

On 21 September 2017, Delima Oil Products Sdn. Bhd. (“DOP”), an indirect subsidiary of the Company, was sued by a company in China known as Chengdu Azonda International Trading Co., Ltd. (“Azonda”). The Plaintiff claims that they have incurred damages due to the alleged shipment issues in 2016 and 2017 amounting to RM7.0 million as well as loss of future profits approximately RM46.0 million.

On 3 November 2017, DOP filed its Statement of Defence and Counterclaim and Azonda filed its Reply to Defence and Defence to Counterclaim on 15 November 2017. The Court had heard part of the trial on the matter on 15 January 2019 and continued another part heard on 4 March 2019 to 6 March 2019. The matter was fixed for decision (after full trial) on 1 August 2019 whereby the High Court dismissed the plaintiff claim against DOP and allowed the counter claim made by DOP with cost of RM80,000. On 10 September 2019, the Solicitor informed that the Plaintiff Solicitor did not serve any notice of appeal.

Solicitors have advised that DOP will not be able to enforce a Malaysian Judgment in China as China is not listed as reciprocal part under Malaysian Reciprocal Enforcement of Judgment Act 1958 (“REJA”). As of Quarter 3 2020, DOP has agreed not to proceed with enforcement of judgement in China.

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



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**12. Review of Group Performance**

	<b>Year to date ended</b>		%
	<b>31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>+ / (-)</b>
Revenue	<u>14,075,712</u>	<u>13,259,012</u>	6.2
Plantation	408,311	(8,504)	>100
Sugar	(33,315)	(316,129)	89.5
Logistics and Others	<u>50,488</u>	<u>30,211</u>	67.1
Sector results	425,484	(294,422)	>100
Corporate HQ and elimination	<u>(71,989)</u>	<u>(44,406)</u>	(62.1)
Profit/(loss) before zakat and taxation	353,495	(338,828)	>100
Zakat	(16,300)	(6,397)	<100
Taxation	<u>(198,417)</u>	<u>(25,931)</u>	<100
Profit/(loss) for the financial year	<u><u>138,778</u></u>	<u><u>(371,156)</u></u>	>100
Loss attributable to:			
Owners of the Company	150,020	(246,174)	>100
Non-controlling interests	<u>(11,242)</u>	<u>(124,982)</u>	91.0
Loss for the financial year	<u><u>138,778</u></u>	<u><u>(371,156)</u></u>	>100

**Overall**

The revenue of the Group increased by 6.2% to RM14.08 billion compared to previous financial year while the Group reported a profit before zakat and taxation of RM353.50 million for the financial year under review compared to a loss of RM338.83 million in previous financial year. This was mainly due to higher profit registered in Plantation Sector largely attributed to higher CPO price, improvement in profit in Logistic and Others Sector and lower losses reported in Sugar Sector.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**12. Review of Group Performance (continued)**

**(a) Plantation Sector**

Plantation Sector registered higher profit of RM408.31 million for the financial year ended 31 December 2020 compared to RM8.50 million loss recorded in previous financial year. The improvement was largely attributable to higher margin as a result of higher average CPO price realised of RM2,675 per mt against RM2,021 per mt registered in previous financial year despite higher CPO ex-mill cost of RM1,619 per mt (2019: RM1,503 per mt) due to lower production.

FFB production decreased by 3.6% from 4.45 million mt to 4.29 million mt, translated into a lower yield of 16.94 mt per hectare compared to 18.44 mt reported in the previous financial year. OER achieved was lower at 20.32% compared to 20.61% registered in the previous year.

The higher profit was also supported by lower fair value LLA charged by RM78.33 million, share of profit from joint ventures of RM20.72 million compared to RM9.33 million recorded in previous year and gain on disposal of a subsidiary amounting to RM31.5 million.

The Sector's result was partially offsetted by the lower margin in rubber division and impairment of assets of RM212.96 million largely from assets in Asian Plantation Limited Group of RM141.41 million and rubber plantation of RM40.23 million compared to RM25.56 million recognised in previous year.

**(b) Sugar Sector**

Sugar Sector registered a lower loss of RM33.32 million compared to RM316.13 million loss in previous financial year mainly attributable to higher gross margin coupled with higher sales volume. Nevertheless, the Sector was partially affected by net impairment of bearer plant assets of RM43.7 million and bearer plant written off of RM27.2 million.

Included in previous financial year were impairment of plant and machinery of RM145.2 million due to planned relocation of its subsidiary and additional finance cost related to loan modification of the Islamic term loan of RM26 million.

**(c) Logistic and Others Sector**

Logistic and Others Sector recorded a profit of RM50.49 million, an improvement from RM30.21 million profit in previous financial year.

Logistic division recorded lower profit by 12% due to decrease in transportation rate and drop in rental income received from bulking activities. IT and Others division reported a lower loss by 53% as there was a provision of separation scheme cost of RM20 million and impairment loss of RM26.7 million provided in the previous financial year compared to reversal of impairment amounting to RM16.9 million in current financial year. However, IT and travel businesses were hit by the unprecedented Covid-19 pandemic and reported losses for the financial year.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**13. Material Changes in the Quarterly Results Compared to Preceding Quarter**

	<b>Quarter ended</b>		%
	<b>31 December 2020</b>	<b>30 September 2020</b>	<b>+ / (-)</b>
Revenue	<u>4,008,806</u>	<u>3,989,459</u>	0.5
Plantation	280,998	239,153	17.5
Sugar	77,431	(56,327)	>100
Logistic and Others	<u>13,079</u>	<u>14,785</u>	(11.5)
Sector results	<u>371,508</u>	<u>197,611</u>	88.0
Corporate HQ and elimination	<u>(45,451)</u>	<u>(24,940)</u>	(82.2)
Profit before zakat and taxation	<u>326,057</u>	<u>172,671</u>	88.8
Zakat	(10,900)	(399)	<100
Taxation	<u>(127,091)</u>	<u>(59,739)</u>	<100
Profit for the financial period	<u><u>188,066</u></u>	<u><u>112,533</u></u>	67.1
Profit attributable to:			
Owners of the Company	134,927	136,893	(1.4)
Non-controlling interests	<u>53,139</u>	<u>(24,360)</u>	>100
Profit for the financial period	<u><u>188,066</u></u>	<u><u>112,533</u></u>	67.1

**Overall**

Revenue for the Group increased marginally by 0.5% to RM4.01 billion from RM3.99 billion registered in the preceding quarter.

The Group reported higher profit before zakat and taxation of RM326.06 million compared to RM172.67 million in preceding quarter on the back of higher contribution from Plantation and Sugar Sector in current quarter.



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

**(a) Plantation Sector**

The profit in Plantation Sector increased to RM281.00 million compared to RM239.15 million in preceding quarter mainly attributed to fair value gain on LLA of RM98.46 million compared to fair value charge of RM123.72 million in preceding quarter.

Without the fair value on LLA, the Sector's result decreased to RM182.54 million compared to RM362.87 million in preceding quarter. This was mainly due to recognition of impairment of assets in Asian Plantation Limited Group of RM141.41 million as a result of lower recoverable amount and impairment of rubber plantation asset of RM40.23 million as a result of continuous loss. Excluding fair value on LLA and impairment of assets, the Sector's result for the current quarter was RM364.18 million, comparable to that of preceding quarter.

The Sector achieved higher average CPO price realised of RM3,059 per mt compared to RM2,645 per mt in preceding quarter. However, FFB production in current quarter was down by 22.6% to 1.04 million mt. Lower yield was achieved at 4.12 mt per hectare compared to 5.32 mt per hectare in preceding quarter while OER increased to 20.79% in current quarter compared to 20.35% registered in preceding quarter. A gain on disposal of a subsidiary amounting to RM31.5 million was registered in current quarter.

**(b) Sugar Sector**

Sugar Sector reported a profit of RM77.43 million compared to a loss of RM56.33 million in preceding quarter.

Included in preceding quarter were impairment of bearer plant amounting to RM43.7 million and bearer plant written off of RM27.2 million. Operationally, Sugar Sector recorded higher margin coupled with increase in overall sales volume and lower finance cost in current quarter.

**(c) Logistics and Others Sector**

Logistic and Others Sector recorded lower profit of RM13.08 million compared to RM14.79 million in preceding quarter.

Others Sector particularly IT and travel business were severely affected by Movement Control Order ("MCO") imposed by the Government. However, the effects of MCO was partially cushioned by the reversal of impairment of receivables of RM5.03 million in current quarter compared to RM3.63 million in preceding quarter.



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**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/(loss) after LLA**

	<b>Year to date ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Included in operating profit/(loss) after LLA are:		
Depreciation of property, plant and equipment	636,255	672,397
Depreciation of right-of-use assets	65,340	71,239
Depreciation of investment properties	12,261	12,321
Property, plant and equipment written off	39,691	14,486
Intangible assets written off	-	2,173
Amortisation of intangible assets	22,670	27,779
Impairment loss on property, plant and equipment - net	215,503	159,802
Impairment loss on right-of-use assets - net	20,453	-
Impairment loss on intangible assets	-	179
Gain on disposal of assets held for sale	(38,106)	-
Realisation of foreign exchange on disposal of a subsidiary	-	(3,658)
Net unrealised foreign exchange loss/(gain)	<u>134</u>	<u>(2,685)</u>

**16. Taxation**

	<b>Quarter Ended 31 December</b>		<b>Year to date Ended 31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Malaysian income tax</b>				
Current financial period	(14,251)	(23,475)	(99,022)	(131,542)
Prior financial period	4,059	861	4,059	861
<b>Foreign income tax</b>				
Current financial period	(2,140)	181	(12,280)	(5,063)
<b>Deferred tax</b>	<u>(114,759)</u>	<u>20,351</u>	<u>(91,174)</u>	<u>109,813</u>
	<u>(127,091)</u>	<u>(2,082)</u>	<u>(198,417)</u>	<u>(25,931)</u>

The effective tax rate for the financial period ended 31 December 2020 is higher than the Malaysian income tax rate of 24% due to certain expenses which are not allowable and deferred tax assets not recognised on losses in certain subsidiaries.





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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**17. Borrowings**

	<b>As at 31 December 2020</b>					
	<b>Long term</b>		<b>Short term</b>		<b>Total borrowings</b>	
	<b>Foreign currency</b>	<b>RM Equivalent</b>	<b>Foreign currency</b>	<b>RM Equivalent</b>	<b>Foreign currency</b>	<b>RM Equivalent</b>
<b><u>Secured</u></b>						
Islamic term loans	-	759,730	-	113,660	-	873,390
Short term trade financing						
- United States Dollar	-	-	6,226	25,011	6,226	25,011
- Thai Baht	-	-	54,000	7,243	54,000	7,243
<b><u>Unsecured</u></b>						
Loan due to significant shareholder	-	882,866	-	3,321	-	886,187
Islamic short term trade financing						
- Ringgit Malaysia	-	13,452	-	2,076,786	-	2,090,238
- United States Dollar	-	-	29,419	118,174	29,419	118,174
- Great Britain Pound	-	-	12,167	66,800	12,167	66,800
Short term trade financing	-	-	-	225,908	-	225,908
<b>Total borrowings</b>		1,656,048		2,636,903		4,292,951

**Exchanges rates applied as at 31 December 2020**

United States Dollar	4.0170
Thai Baht	13.4124
Great Britain Pound	5.4904

As at 31 December 2020, 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.



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**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
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**18. Derivative Financial Instruments**

FGV uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 December 2020 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
<u>Non-current</u>			
Islamic profit rate swap	46667	-	10,163
<u>Current</u>			
Foreign currency forwards	57385	9,561	929
Palm oil futures	30536	4,500	-
	83321	14,061	929
	1249,788	14,061	11,092

**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 2019. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2020.

<u>31 December 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	4,500	9,561	-	14,061
- Trading securities	68,201	-	-	68,201
	72,701	9,561	-	82,262
Financial assets at FVOCI	3,566	-	140,685	144,251
Total assets	76,267	9,561	140,685	226,513
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,213,824	4,213,824
- Derivatives	10,163	929	-	11,092
Total liabilities	10,163	929	4,213,824	4,224,916



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**19. Fair Value Changes of Financial Instruments (continued)**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed in Bursa Malaysia Securities Berhad or foreign stock exchanges classified as trading securities or non trading equity unit trusts and commodity derivatives quoted on Bursa Malaysia Derivatives Berhad for palm oil and other foreign commodity exchanges.

The fair value of financial instruments that are not traded in an active market (for example, foreign currency forward contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise foreign currency forward contracts.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise LLA liability and unquoted financial assets at FVOCI.

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

	Financial year ended <u>31 December 2020</u>	Financial year ended <u>31 December 2019</u>
<u>LLA liability</u>		
1 January	4,316,146	4,328,008
Fair value changes charged to profit or loss	158,490	236,821
Repayment/payable during the financial year:		
- Fixed lease payments	(243,612)	(243,781)
- Share of profits	(17,200)	(4,902)
	<u>4,213,824</u>	<u>4,316,146</u>
<u>Financial assets at FVOCI</u>		
1 January	103,686	82,634
Addition	3,521	8,034
Disposal	(14,007)	-
Fair value changes	33,478	13,018
Realisation of OCI	14,007	-
	<u>140,685</u>	<u>103,686</u>

Fair value changes for the LLA liability has been measured based on assumptions made on crude palm oil prices, palm kernel prices, average yield of fresh fruit bunches and mature and immature estate costs. Any changes on assumptions used will cause a material variation of the liability.

**FGV HOLDINGS BERHAD****QUARTERLY REPORT (CONTINUED)****Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
**Amounts in RM thousand unless otherwise stated****20. Earnings Per Share**

	Quarter ended 31 December		Year to date ended 31 December	
	2020	2019	2020	2019
Basic earnings per share are computed as follows:				
Profit/(loss) for the financial period/year attributable to owners of the Company (RM'000)	134,927	71,806	150,020	(246,174)
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings/(loss) per share (sen)	3.7	2.0	4.1	(6.7)

**21. Status of Corporate Proposals**

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

**22. Significant Events**

- (i) On 13 February 2020, the Board of Directors' announced that MEO Trading Sdn. Bhd., an indirect joint venture of the Company has been placed under Members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016. The liquidator has been appointed for the company on the same day. The voluntary winding up of the company is not expected to have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2020.
- (ii) On 9 April 2020, the MSMH issued a letter to F&N to exercise its rights to rescind the sale and purchase agreement in respect of the disposal of its leasehold agriculture land located at Chuping, Perlis, entered on 8 October 2019.

In Quarter 3 2020, the Group has assessed the carrying value of its bearer plants due to a series of fire incidents which took place in the current year. An amount of RM27.24 million of bearer plants pertaining to rubber trees had been written off in Quarter 3 2020. The Group has recognised a further provision of RM43.70 million for the impairment of the remaining bearer plant assets in accordance to MFRS 136.

- (iii) On 8 May 2020, the Board of Directors of FGV announced that FGV Trading Sdn Bhd ("FGVT"), a subsidiary of FGV Plantations Sdn Bhd which in turn is a wholly-owned subsidiary of FGV, had entered into an agreement with Pre Unique Pvt Ltd ("PREU") to establish an operation in India. The company has been incorporated in India on 29 July 2020 to carry out the intended business.



## **FGV HOLDINGS BERHAD**

### **QUARTERLY REPORT (CONTINUED)**

#### **Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)** **Amounts in RM thousand unless otherwise stated**

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

- (iv) On 24 July 2020, the Board of Directors of FGV announced that the Minister of Finance (Incorporated), being the Special Shareholder of the Company, has extended Datuk Wira Azhar Abdul Hamid's tenure as Government Appointed Director and Chairman of the Board of Directors of FGV effective 8 September 2020.
- (v) On 1<sup>st</sup> of October 2020, the Board of Directors of FGV confirmed that the U.S. Customs and Border Protection ("CBP") has placed a Withhold Release Order ("WRO") on palm oil and palm oil products made by FGV and its subsidiaries (FGV Group) and joint ventures on 30 September 2020.

FGV emphasised that all issues raised have been the subject of public discourse since 2015 and FGV has taken several measures to correct the situation. FGV's efforts are well documented and available in the public domain.

- (vi) On 15<sup>th</sup> October 2020, the Board of Directors of FGV informed that on 8 October 2020, FGV has communicated with the CBP to seek clarification on its investigation findings and on steps expected to be taken by FGV for the revocation of the WRO. Information around the CBP's investigation findings is imperative to enable FGV to address and resolve any remaining gaps in its practices.
- (vii) On 13 October 2020, FGV had received an expression of interest from Perspective Lane (M) Sdn Bhd ("PLSB") via a letter dated 12 October 2020. PLSB had expressed their interest to participate in FGV via an injection of plantation assets into FGV, for share consideration. PLSB would potentially become the single largest shareholder of FGV upon completion.

The Board of FGV had decided on 15 October 2020 to deliberate upon the matter and has resolved to explore and evaluate the proposition. The Board wishes to assure shareholders and key stakeholders that it will discharge its fiduciary duty in any such deliberation.

- (viii) On 20 October 2020, FGV issued an official statement to clarify on Felda Land Lease Agreement ("LLA").
- (ix) On 29 October 2020, FGV issued an official statement on Felda's recovery plan for the termination of LLA.
- (x) On 2 November 2020, FGV issued an official statement to reiterate that FGV has yet to receive a written notice from Federal Land Development Authority (FELDA) regarding the termination of the said LLA and its intention to take over FGV's palm oil mills nationwide as announced by the Chairman of the FELDA Special Task Force on 30 October 2020.

On 2 November 2020, the Chairman of FGV has written to the Chairman of FELDA informing that the notice to terminate the LLA in accordance with the terms and conditions of the LLA is still not forthcoming from FELDA up to this date and suggested FELDA to stop any further media releases on this matter and to discuss prior to releasing a joint statement on the agreed terms in accordance with the terms and conditions of the LLA.



## FGV HOLDINGS BERHAD

### QUARTERLY REPORT (CONTINUED)

#### Explanatory Notes on the Quarterly Report – 31 December 2020 (continued) Amounts in RM thousand unless otherwise stated

#### 22. Significant Events (continued)

- (xi) On 8 December 2020, the Board of Directors had received a notice from Lembaga Kemajuan Tanah Persekutuan (“FELDA” or “Offerror”) that it has entered into the following agreements:
- 1) a conditional share purchase agreement with Kumpulan Wang Persaraan (Diperbadankan) for the purchase of 222,480,700 FGV Shares, representing approximately 6.10% equity interest in FGV for a cash consideration of RM289.2 million or RM1.30 per FGV Shares; and
  - 2) a conditional share purchase agreement with Urusharta Jamaah Sdn Bhd for the purchase of 283,710,100 FGV Shares, representing approximately 7.78% equity interest in FGV for a cash consideration of RM368.8 million or RM1.30 per FGV Shares.

- (xii) On 22 December 2020, the Board of Directors had received a notice of unconditional mandatory take-over offer (“Notice”) from Maybank Investment Bank Berhad on behalf of the Offeror to acquire all the remaining ordinary shares in FGV (“FGV Shares”) (excluding treasury shares) which are not already held by the Offeror and its persons acting in concert, including all FGV Shares under the FGV’s long term incentive plan (“Offer Shares”) for a cash consideration of RM1.30 per Offer Share (“Offer”).

Pursuant to Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, an independent adviser will be appointed by the Board in due course to provide comments, opinions, information and recommendation on the Offer.

- (xiii) On 23 December 2020, FGV Downstream Sdn Bhd, a subsidiary of the Group, disposed its 60% equity interest in FGV Cambridge Nanosystems Limited and its subsidiary GasPlas AS (“FGV CNS Group”) which previously had been reclassified to assets held for sale, for a total consideration of £8 million (approximately RM43.92 million), resulting in a gain on disposal of RM31.52 million to the Group.
- (xiv) On 30 December 2020, in accordance with Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia (“SC”) (“Rules”), the Board (save for the interested directors, namely Datuk Wira Azhar Abdul Hamid, Dato’ Shahrol Anuwar Sarman, Dr. Zunika Mohamed and Dato’ Amiruddin Abdul Satar) wishes to announce that RHB Investment Bank Berhad has been appointed to act as the Independent Adviser (“IA”) of FGV to advise the non-interested Directors and the holders of the Offer Shares in respect of the fairness and reasonableness of the Offer, and its appointment is subject to the clearance of eligibility of the Independent Adviser by SC.



## FGV HOLDINGS BERHAD

### QUARTERLY REPORT (CONTINUED)

#### Explanatory Notes on the Quarterly Report – 31 December 2020 (continued) Amounts in RM thousand unless otherwise stated

#### 23. Material events after reporting period

- (i) On 12 January 2021, the unconditional mandatory take-over offer by the Offeror to acquire the offer share for a cash consideration of RM1.30 per offer share has been despatched.
- (ii) On 22 January 2021, Independent Advice Circular (“IAC”) on the unconditional mandatory take-over by the Offeror has been despatched to shareholder. FGV’s non-interested directors, namely Dato’ Yusli Mohamed Yusoff, Datuk Mohd Anwar Yahya, Datin Hoi Lai Ping, Dr. Mohamed Nazeeb P. Alithambi and Dr. Nesadurai Kalanithi, does not concur with IA’s recommendation and recommends that the shareholders reject the offer.

IA is of the opinion that the offer is not fair but reasonable based on its assessment of the offer and recommends to accept the offer. RHB Investment Bank’s assessment of the fairness and propriety of the Offer is stated in the IAC.

- (iii) On 2 February 2021, the Offeror notified the shareholders that the closing date for the acceptance of the Offer has been extended from 2 February 2021 to 16 February 2021.
- (iv) On 5 February 2021, the Board of Directors announced that the public shareholding spread of FGV is at 23.93% of the total issued FGV shares (excluding treasury shares) based on the Record of Depositors as at 4 February 2021. Accordingly, FGV does not comply with the minimum public shareholding spread requirement of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements.

Under Section 4.1 of the Offer Document, the Offeror has stated that it does not intend to maintain the listing status of FGV on the Main Market of Bursa Securities. In the event the Offeror receives valid acceptances resulting in the Offeror and its associates holding in aggregate 90% or more of the FGV Shares (excluding treasury shares) an immediate announcement will be made by FGV. Bursa Securities will suspend the trading in FGV Shares immediately upon expiry of five market days from the closing date of the Offer. Thereafter, the Offeror will submit a request to FGV to take the necessary procedures to withdraw its listing status from the Official List in accordance with Chapter 16 of the Listing Requirements.

- (v) On 16 February 2021, the Offeror notified the shareholders that the closing date for the acceptance of the Offer has been further extended from 16 February 2021 to 2 March 2021.
- (vi) On 25 February 2021, the Offeror informed that the closing date for the acceptance of the Offer has been further extended from 2 March 2021 to 15 March 2021.



**FGV HOLDINGS BERHAD**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2020 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**24. Prospects**

The Group expects CPO prices to remain favourable but the Plantation industry will continue to face challenges in labour supply.

Our Logistics and Sugar Sectors will continue to focus on strategies to improve operating efficiency and financial performance.

The Group remains on course with its strategies to reposition FGV to be a significant player in agribusiness through expansion of our non-palm businesses.

By Order of the Board

Koo Shuang Yen  
Company Secretary

26 February 2021