



FGV HOLDINGS BERHAD
200701042133 (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 30 June 2021**



FGV HOLDINGS BERHAD

QUARTERLY REPORT

On consolidated results for the quarter ended 30 June 2021

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 30 June			Year to date ended 30 June		
		2021	2020	% + / (-)	2021	2020	% + / (-)
Revenue		4,681,748	3,294,359	42.1	8,075,239	6,077,447	32.9
Cost of sales		(4,135,916)	(2,958,685)	(40.2)	(7,177,183)	(5,605,347)	(28.2)
Gross profit		545,832	335,674	59.2	898,056	472,100	87.8
Other operating income		19,203	14,791	29.8	61,984	33,768	83.6
Selling and distribution costs		(39,646)	(41,338)	4.1	(73,115)	(83,212)	12.1
Administrative expenses		(192,808)	(175,373)	(10.4)	(371,503)	(389,071)	4.3
Reversal of/(impairment loss) of financial assets (net)		6,517	4,170	>100	(345)	17,377	<100
Other operating expenses		(13,193)	(27,000)	51.1	(14,690)	(43,095)	65.9
Commodity gains - net		12,489	4,260	>100	23,736	50,997	(53.5)
Operating profit		338,394	115,184	>100	524,123	58,864	>100
Fair value changes in Land Lease Agreement ('LLA') liability		180,347	(75,928)	>100	36,597	(133,229)	>100
Operating profit/(loss) after LLA	15	518,741	39,256	>100	560,720	(74,365)	>100
Finance income		6,051	6,655	(9.1)	10,038	12,826	(21.7)
Finance costs		(35,886)	(40,572)	11.5	(68,525)	(88,731)	22.8
Share of results from associates		950	(189)	>100	447	(149)	>100
Share of results from joint ventures		11,527	12,671	(9.0)	13,700	5,186	>100
Profit/(loss) before zakat and taxation		501,383	17,821	>100	516,380	(145,233)	>100
Zakat		(2,681)	103	<100	(1,919)	(5,001)	61.6
Taxation	16	(134,208)	(5,876)	<100	(163,748)	(11,587)	<100
Profit/(loss) for the financial period		364,494	12,048	>100	350,713	(161,821)	>100
Profit/(loss) attributable to:							
-Owners of the Company		338,817	20,549	>100	303,396	(121,800)	>100
-Non-controlling interests		25,677	(8,501)	>100	47,317	(40,021)	>100
		364,494	12,048	>100	350,713	(161,821)	>100
Earnings/(loss) per share for loss attributable to the the owners of the Company:							
Basic (sen)	20	9.29	0.56		8.32	(3.34)	



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QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 30 June 2021 (continued)

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

	Quarter ended 30 June			Year to date ended 30 June		
	2021	2020	% + / (-)	2021	2020	% + / (-)
Profit/(loss) for the financial period	364,494	12,048	>100	350,713	(161,821)	>100
Other comprehensive income/(loss)						
Actuarial gains/(loss) on defined benefit plan	1	(49)		320	(1,411)	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")	(4,021)	8,378		(4,397)	11,984	
Share of other comprehensive (loss)/income of joint ventures	(615)	(1,024)		(673)	476	
Currency translation differences	(3,096)	470		25,519	31,966	
Cash flow hedges	522	(437)		2,959	(6,301)	
Other comprehensive (loss)/income for the financial period/year net of tax	<u>(7,209)</u>	<u>7,338</u>		<u>23,728</u>	<u>36,714</u>	
Total comprehensive income/(loss) for the financial period	<u><u>357,285</u></u>	<u><u>19,386</u></u>	>100	<u><u>374,441</u></u>	<u><u>(125,107)</u></u>	>100
Total comprehensive income/(loss) attributable to:						
- Owners of the Company	333,067	29,516	>100	325,560	(81,434)	>100
- Non-controlling interests	<u>24,218</u>	<u>(10,130)</u>	>100	<u>48,881</u>	<u>(43,673)</u>	>100
Total comprehensive income/(loss) for the financial period	<u><u>357,285</u></u>	<u><u>19,386</u></u>	>100	<u><u>374,441</u></u>	<u><u>(125,107)</u></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 2020.



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QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 30 June 2021 (continued)

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

	Note	Unaudited As at 30 June 2021	Audited As at 31 December 2020
<u>Non-current assets</u>			
Property, plant and equipment		7,695,017	7,810,463
Right-of-use assets		2,227,216	2,299,579
Investment properties		87,660	93,789
Intangible assets		951,874	958,289
Interests in associates		63,499	38,058
Interests in joint ventures		447,985	441,546
Amount due from ultimate holding company		12,455	12,455
Deposit and other receivables		140,204	136,078
Deferred tax assets		441,555	526,672
Financial assets through other comprehensive income	19	141,285	144,251
		12,208,750	12,461,180
<u>Current assets</u>			
Inventories		1,599,113	1,192,616
Receivables		1,559,714	1,410,955
Biological assets		105,751	57,001
Amount due from ultimate holding company		49,903	62,440
Amounts due from joint ventures		34,539	26,908
Amounts due from related companies		97,319	63,660
Tax recoverable		22,632	33,539
Financial assets at fair value through profit or loss	19	76,816	68,201
Derivative financial assets	18	2,634	14,061
Contract assets		45,487	27,880
Deposits, cash and bank balances		1,498,283	1,729,194
		5,092,191	4,686,455
Assets held for sale		14,014	31,866
		5,106,205	4,718,321
Total assets		17,314,955	17,179,501
<u>Equity</u>			
Share capital		7,029,889	7,029,889
Treasury shares		(518)	(518)
Reserves		(2,551,553)	(2,767,668)
Equity attributable to owners of the Company		4,477,818	4,261,703
Non-controlling interests		1,866,663	1,838,504
Total equity		6,344,481	6,100,207



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QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 30 June 2021 (continued)

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

	Note	Unaudited As at 30 June 2021	Audited As at 31 December 2020
<u>Non-current liabilities</u>			
Borrowings	17	715,411	773,182
Loans due to ultimate holding company	17	882,576	882,866
LLA liability		3,682,956	3,881,584
Derivative financial liabilities	18	6,993	10,163
Provision for asset retirement		33,093	32,358
Provision for defined benefit plan		67,594	67,492
Lease liability		286,920	358,036
Deferred tax liabilities		624,963	635,501
Payables		15,196	15,196
		6,315,702	6,656,378
<u>Current liabilities</u>			
Payables		1,159,044	1,049,465
Loans due to ultimate holding company	17	3,205	3,322
Amount due to ultimate holding company		275,853	265,984
Amounts due to associates		733	494
Amounts due to related companies		7,712	1,374
Borrowings	17	2,657,414	2,633,582
Derivative financial liabilities	18	11,677	929
Provision for asset retirement		664	643
Lease liability		53,695	27,790
LLA liability		315,103	332,240
Contract liabilities		141,478	104,168
Current tax liabilities		28,194	2,925
		4,654,772	4,422,916
Liabilities related to assets held for sale		-	-
		4,654,772	4,422,916
Total liabilities		10,970,474	11,079,294
Total equity and liabilities		17,314,955	17,179,501
Net assets per share attributable to owners of the Company		1.23	1.17

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 2020.



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>
Year to date ended 30 June 2021									
At 1 January 2021	7,029,889	(518)	26,497	(3,089,497)	10,624	284,708	4,261,703	1,838,504	6,100,207
Profit for the financial period	-	-	-	-	-	303,396	303,396	47,317	350,713
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	-	-	-	-	-	197	197	123	320
- fair value changes in financial assets at FVOCI	-	-	-	-	(4,316)	-	(4,316)	(81)	(4,397)
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	25,447	-	-	-	25,447	72	25,519
- share of other comprehensive loss of joint ventures	-	-	(673)	-	-	-	(673)	-	(673)
- cash flow hedge reserves	-	-	-	-	1,509	-	1,509	1,450	2,959
	-	-	24,774	-	1,509	-	26,283	1,522	27,805
Total other comprehensive income for the financial period	-	-	24,774	-	(2,807)	303,593	325,560	48,881	374,441
<u>Transactions with owners</u>									
Dividend paid for the financial year ended 31 December 2020 (final)	-	-	-	-	-	(109,445)	(109,445)	-	(109,445)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(20,946)	(20,946)
Dissolvement of a subsidiary	-	-	-	-	-	-	-	224	224
Total transactions with owners	-	-	-	-	-	(109,445)	(109,445)	(20,722)	(130,167)
At 30 June 2021	7,029,889*	(518)	51,271	(3,089,497)	7,817	478,856	4,477,818	1,866,663	6,344,481



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
Year to date ended 30 June 2020									
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
Loss for the financial period	-	-	-	-	-	(121,800)	(121,800)	(40,021)	(161,821)
Other comprehensive (loss)/income for the financial period, net of tax:									
<u>Items that will not be reclassified to profit or loss</u>									
- actuarial loss on defined benefit plan	-	-	-	-	-	(1,331)	(1,331)	(80)	(1,411)
- fair value changes in financial assets at FVOCI	-	-	-	-	11,984	-	11,984	-	11,984
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	32,450	-	-	-	32,450	(484)	31,966
- share of other comprehensive income of joint ventures	-	-	476	-	-	-	476	-	476
- cash flow hedge reserves	-	-	-	-	(3,213)	-	(3,213)	(3,088)	(6,301)
	-	-	32,926	-	(3,213)	-	29,713	(3,572)	26,141
Total other comprehensive income/(loss) for the financial period	-	-	32,926	-	8,771	(123,131)	(81,434)	(43,673)	(125,107)
<u>Transactions with owners</u>									
Treasury shares	-	(4,250)	-	-	-	-	(4,250)	-	(4,250)
Acquisition of a subsidiary	-	-	-	-	-	-	-	5,785	5,785
Dividend paid for the financial year ended 31 December 2019 (final)	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividend payable to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(35,146)	(35,146)
Total transactions with owners	-	(4,250)	-	-	-	(72,963)	(77,213)	(29,361)	(106,574)
At 30 June 2020	7,029,889*	(4,552)	85,144	(3,089,497)	(11,911)	5,481	4,014,554	1,854,065	5,868,619

* 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 2020.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended	
	30 June	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the financial period	350,713	(161,821)
Adjustments for non-cash items	508,357	583,590
Operating profit before working capital changes	859,070	421,769
Changes in working capital	(426,796)	296,697
Cash generated from operations	432,274	718,466
Interest received	10,038	12,826
Taxation paid, net	(52,527)	(29,724)
Zakat paid	(1,919)	(5,001)
Retirement benefits paid	(4)	(58)
Net cash generated from operating activities	387,862	696,509
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(183,452)	(186,472)
Purchase of intangible asset	(1,299)	(5,089)
Net cash inflow from acquisition of subsidiaries	-	182
Proceeds from liquidation of a jointly venture	1,519	-
Proceeds from disposal of property, plant and equipment	7	1,082
Additions of financial assets at FVOCI	(1,424)	(1,843)
Additional investment in a joint venture	-	(1,274)
Dividend received from an associate	540	515
Dividend received from joint ventures	2,986	-
Net cash used in investing activities	(181,123)	(192,899)



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended	
	30 June	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	4,189,697	2,027,593
Repayment of borrowings	(4,224,411)	(2,070,269)
Repayment of LLA liability	(179,168)	(60,918)
Dividend paid to shareholders	(109,445)	-
Dividend paid to non-controlling interest	(20,946)	(35,146)
Finance costs paid	(81,717)	(100,170)
Repayment of loan due to a significant shareholder	(21,323)	(21,323)
Payments of lease liabilities	(4,691)	(24,212)
Purchase of treasury stock	-	(4,250)
Increase in restricted cash	(888)	(8,334)
Net cash used in from financing activities	(452,892)	(297,029)
Net (decrease)/increase in cash and cash equivalents	(246,153)	206,581
Effect of foreign exchange rate changes	14,354	11,836
Cash and cash equivalents at beginning of the financial period	1,665,457	1,568,447
Cash and cash equivalents at end of the financial period	1,433,658	1,786,864
Deposits, cash and bank balances	1,498,283	1,844,768
Less: Restricted cash	(64,625)	(57,509)
Less: Assets held for sale	-	(395)
Cash and cash equivalents at end of the financial period	1,433,658	1,786,864

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 2020.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 **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 2020. 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 2020.

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 2020.

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

Effective for annual periods beginning on 1 June 2020

- Amendments to MFRS 16 'Covid-19-Related Rent Concessions'

Effective for annual periods beginning on or after 1 January 2021

- Interest Rate Benchmark Reform—Phase 2 - Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16

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

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases: Lease Incentives
- Annual improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Annual improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'
- Reference to the Conceptual Framework - Amendments to MFRS 3

Effective annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of liabilities as current and non-current'
- Disclosure of Accounting Policies - Amendments to MFRS 101 and MFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to MFRS 108
- Amendments to MFRS 112 'Deferred tax relating to assets and liabilities arising from a single transaction'



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (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

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

Other than the changes in assumptions made to the fair value changes of financial liabilities as per Note 19, there were no other material changes in the estimates of amounts reported in the prior interim period of the current financial year or the interim period of the previous financial year that have a material effect on the results for the current quarter under review.

5. Debt and Equity Securities

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

6. Dividends

No dividend has been paid during the quarter ended 30 June 2021.

The final single tier dividend of 3.0 sen per share for the financial year ended 31 December 2020 amounting to RM109.4 million was paid on 31 March 2021.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (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 period ended 30 June 2021 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, 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 and security.
- 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, integrated farming 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 – 30 June 2021 (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 period is as follows:

Year to date ended 30 June 2021	Plantation	Sugar	Logistics and Others	Corporate HQ and Elimination	Total
Total segment revenue	10,198,977	1,103,992	298,792	139,328	11,741,089
Less : Inter-segment revenue	(3,363,478)	(34,998)	(139,873)	(127,501)	(3,665,850)
Revenue from external customers	<u>6,835,499</u>	<u>1,068,994</u>	<u>158,919</u>	<u>11,827</u>	<u>8,075,239</u>
Finance income	5,166	1,234	2,389	1,249	10,038
Finance costs	(25,748)	(20,027)	(1,251)	(21,499)	(68,525)
Depreciation and amortisation	(266,169)	(39,519)	(39,370)	(7,562)	(352,620)
Fair value changes in LLA liability	36,597	-	-	-	36,597
(Impairment of)/reversal of impairment of:					
-financial assets	(1,536)	1,595	(404)	-	(345)
-non-financials assets	(7,757)	5,129	-	-	(2,628)
Share of results of joint ventures	13,429	-	-	271	13,700
Share of results of associates	<u>1,478</u>	<u>-</u>	<u>-</u>	<u>(1,031)</u>	<u>447</u>
Profit/(loss) before zakat and taxation for the financial period	<u>421,632</u>	<u>73,728</u>	<u>31,884</u>	<u>(10,864)</u>	<u>516,380</u>
Disaggregation of the Group's revenue is as follows:					
Sales of Palm Products Oils	4,606,148	-	-	-	4,606,148
Sales of Sugar	-	1,068,994	-	-	1,068,994
Others	2,229,351	-	158,919	11,827	2,400,097
	<u>6,835,499</u>	<u>1,068,994</u>	<u>158,919</u>	<u>11,827</u>	<u>8,075,239</u>



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (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 period is as follows: (continued)

	Plantation	Sugar	Logistics and Others	Corporate HQ and Elimination	Total
Year to date ended 30 June 2020					
Total segment revenue	7,280,672	1,068,467	270,075	181,607	8,800,821
Less : Inter-segment revenue	(2,304,939)	(108,103)	(135,779)	(174,553)	(2,723,374)
Revenue from external customers	<u>4,975,733</u>	<u>960,364</u>	<u>134,296</u>	<u>7,054</u>	<u>6,077,447</u>
Finance income	7,636	1,495	3,450	245	12,826
Finance costs	(37,918)	(26,159)	(1,580)	(23,074)	(88,731)
Depreciation and amortisation	(305,822)	(45,969)	(44,894)	(13,086)	(409,771)
Fair value changes in LLA liability	(133,229)	-	-	-	(133,229)
Reversal of impairment of/(Impairment of):					
-financial assets	2,233	(1,359)	16,503	-	17,377
-non-financials assets	(19,887)	1,762	(7,300)	-	(25,425)
Share of results of joint ventures	5,186	-	-	-	5,186
Share of results of associates	<u>489</u>	<u>-</u>	<u>-</u>	<u>(638)</u>	<u>(149)</u>
(Loss)/profit before zakat and taxation for the financial period	<u>(105,576)</u>	<u>(54,419)</u>	<u>22,624</u>	<u>(7,862)</u>	<u>(145,233)</u>
Disaggregation of the Group's revenue is as follows:					
Sales of Palm Products Oils	3,368,856	-	-	-	3,368,856
Sales of Sugar	-	960,364	-	-	960,364
Others	1,606,877	-	134,296	7,054	1,748,227
	<u>4,975,733</u>	<u>960,364</u>	<u>134,296</u>	<u>7,054</u>	<u>6,077,447</u>

Timing of
revenue
recognition
At a point in time
At a point in time
At a point in
time/ over time



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 June 2021	As at 31 December 2020
Capital expenditure approved and contracted for:		
- Property, plant and equipment	92,459	201,853
- Intangible asset	150	-
	<u>92,609</u>	<u>201,853</u>

9. Significant Related Party Transactions

Federal Land Development Authority (“FELDA”), the Group’s ultimate holding company, 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.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2021 and 30 June 2020 are as follows:

(a) Sales of goods and services

	Year to date ended	
	30 June	
	2021	2020
(i) Transactions with joint ventures		
Sales of CPO by FGV Trading Sdn. Bhd. (“FGVT”) to FGV Iffco Sdn. Bhd. Group (“FISB Group”)	191,829	315,341
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”)	80,063	397,785
Sales of CPO by FGVT and FPI to MAPAK Edible Oil Pvt. Ltd. (“MAPAK”)	108,550	96,710
(ii) Transactions with FELDA and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. (“FGVFSB”)	118,846	79,905
IT services rendered by FGV Prodata Systems Sdn. Bhd (“Prodata”)	14,140	11,979
Security services rendered by FGV Security Services Sdn. Bhd (“FSSSB”)	10,927	10,073



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2021 and 30 June 2020 are as follows: (continued)

(b) Purchase of goods and services

	Year to date ended	
	30 June	
	2021	2020
Transactions with FELDA and its subsidiaries:		
LLA liability paid/payable by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	179,168	121,837
Interest expense charged by FELDA	20,769	21,323
Compensation received by FGVPM	15,343	-
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	64,421	57,713
Purchase of FFB by FGVT	2,176,946	996,445

(c) Transactions with Government related entities

	Year to date ended	
	30 June	
	2021	2020
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	72,080	15,466
CESS payment to MPOB	18,761	17,098



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued) Amounts in RM thousand unless otherwise stated

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 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”). DOP is in the process of completing the paper to not to proceed with enforcement of the judgement or file fresh suit.

- (ii) 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. (“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.

The High Court has fixed for Prodata’s defence to be filed by 30 August 2021.

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 – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended		%
	30 June		
	2021	2020	+ / (-)
Revenue	<u>8,075,239</u>	<u>6,077,447</u>	32.9
Plantation	421,632	(105,576)	>100
Sugar	73,728	(54,419)	>100
Logistics and Others	<u>31,884</u>	<u>22,624</u>	40.9
Sector results	527,244	(137,371)	>100
Corporate HQ and elimination	<u>(10,864)</u>	<u>(7,862)</u>	(38.2)
Profit/(loss) before zakat and taxation	516,380	(145,233)	>100
Zakat	(1,919)	(5,001)	61.6
Taxation	<u>(163,748)</u>	<u>(11,587)</u>	<100
Profit/(loss) for the financial period	<u><u>350,713</u></u>	<u><u>(161,821)</u></u>	>100
Profit/(loss) attributable to:			
Owners of the Company	303,396	(121,800)	>100
Non-controlling interests	<u>47,317</u>	<u>(40,021)</u>	>100
Profit/(loss) for the financial period	<u><u>350,713</u></u>	<u><u>(161,821)</u></u>	>100

Overall

The revenue of the Group increased by 32.9% to RM8.08 billion compared to previous corresponding financial period while the Group reported a profit before zakat and taxation of RM516.38 million for the financial period under review compared to a loss of RM145.23 million in previous financial period. This was mainly due to improvement in all Sectors, higher CPO price and FV gain on LLA.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance (continued)

(a) Plantation Sector

Plantation Sector registered a higher profit of RM421.63 million for the financial period ended 30 June 2021 compared to RM105.58 million loss recorded in previous financial corresponding period. This was mainly attributable to higher average CPO price realised of RM3,268 per mt against RM2,453 per mt registered in previous financial period despite lower CPO sales volume by 18.9%.

The performance of the Sector was also boosted by the fair value LLA gain of RM36.60 million against RM133.23 million fair value charge in previous year. The gain on LLA for the current year was attributed mainly to the revision in the yield assumptions used in arriving at the LLA liability (refer Note 19). Better margin was reported in fertiliser, rubber and palm kernel division while share of profit from joint ventures improved to RM13.43 million from RM5.19 million registered in previous corresponding period.

FFB production dropped by 5.3% from 1.90 million mt to 1.80 million mt, thus led to lower yield of 7.11 mt per hectare compared to 7.51 mt reported in the previous corresponding period while OER achieved was higher at 20.12% compared to 20.05% registered in the previous period.

The improvement was partially offsetted by the fair value loss on derivatives of RM11.00 million compared to RM42.92 million gain reported in the previous financial period and impairment of rubber plantation of RM7.86 million.

(b) Sugar Sector

Sugar Sector registered a profit of RM73.73 million compared to RM54.42 million loss in previous financial period mainly attributable to improved margin achieved from higher average selling price.

(c) Logistic and Others Sector

Logistic and Others Sector recorded an increase in profit to RM31.88 million from RM22.62 million profit in previous financial year. Profit from Logistic division increased by 3% attributed to the higher tonnage and bulking volume while Others division registered a lower loss by 56% underpinned by lower depreciation cost in IT business and reduced expenses in travel business. Promotional activities have been delayed due to interstate travel restrictions and closure of national border under Movement Control Order (“MCO”).



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

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

	Quarter ended		
	30 June 2021	31 March 2021	% + / (-)
Revenue	<u>4,681,748</u>	<u>3,393,491</u>	38.0
Plantation	472,415	(50,783)	>100
Sugar	23,051	50,677	(54.5)
Logistic and Others	<u>20,137</u>	<u>11,747</u>	71.4
Sector results	515,603	11,641	>100
Corporate HQ and elimination	<u>(14,220)</u>	<u>3,356</u>	<100
Profit before zakat and taxation	501,383	14,997	>100
Zakat	(2,681)	762	<100
Taxation	<u>(134,208)</u>	<u>(29,540)</u>	<100
Profit/(loss) for the financial period	<u>364,494</u>	<u>(13,781)</u>	>100
Profit/(loss) attributable to:			
Owners of the Company	338,817	(35,421)	>100
Non-controlling interests	<u>25,677</u>	<u>21,640</u>	18.7
Profit/(loss) for the financial period	<u>364,494</u>	<u>(13,781)</u>	>100

Overall

Profit before zakat and taxation for the Group surged to RM501.38 million compared to RM15.00 million in preceding quarter on the back of higher revenue by 38% to RM4.68 billion compared to preceding quarter. Results from Plantation Sector improved due to better operational performance which also led to the improvement in Logistic Sector coupled with higher average CPO price realised and fair value LLA gain.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
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13. Material Changes in the Quarterly Results Compared to Preceding Quarter (continued)

(a) Plantation Sector

Profit in Plantation Sector surged to RM472.42 million, turnaround from RM50.78 million loss in preceding quarter mainly attributed to higher average CPO price realised of RM3,333 per mt compared to RM3,172 per mt in preceding quarter coupled with higher FFB production by 42.5% to 1.06 million mt in current quarter.

Higher yield was achieved at 4.18 mt per hectare compared to 2.93 mt per hectare in preceding quarter while OER increased to 20.16% in current quarter compared to 20.05% registered in preceding quarter.

The increase in profit was also supported by the improvement in fatty acid business due to higher sales volume and increase in average selling price and increased margin in rubber division.

The performance of the Sector for the current quarter was also boosted by the fair value gain on LLA of RM180.35 million compared to fair value charge on LLA of RM143.75 million registered in preceding quarter. The gain on LLA for the current quarter was attributed mainly to the revision in the yield assumption used in arriving at the LLA liability (refer Note 19). Higher share of profits from joint ventures of RM11.26 million compared to RM2.17 million in preceding quarter has further contributed to the increased profit in Plantation Sector.

(b) Sugar Sector

Sugar Sector reported a lower profit of RM23.05 million compared to RM50.68 million in preceding quarter mainly attributed to lower overall margin achieved in current quarter due to low production resulted from temporary shutdown of refinery operations.

(c) Logistics and Others Sector

Logistic and Others Sector recorded a higher profit of RM20.14 million compared to RM11.75 million in preceding quarter. Logistic division reported an increase in profit by 36% mainly attributed to higher throughput and tonnage carried in tandem with increase in FFB production while IT and Others divisions reported lower loss.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

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

	Year to date ended 30 June	
	2021	2020
Included in operating profit/(loss) after LLA are:		
Depreciation of property, plant and equipment	311,285	364,350
Depreciation of right-of-use assets	27,384	26,510
Depreciation of investment properties	6,129	6,120
Property, plant and equipment written off	562	2,605
Amortisation of intangible assets	7,822	12,791
Impairment loss on property, plant and equipment - net	2,628	21,776
Impairment loss on right-of-use assets	-	3,650
Net unrealised foreign exchange gain	<u>(5,245)</u>	<u>(5,525)</u>

16. Taxation

	Quarter Ended 30 June		Year to date Ended 30 June	
	2021	2020	2021	2020
Malaysian income tax				
Current financial period	(47,954)	(7,164)	(88,703)	(31,386)
Foreign income tax				
Current financial period	1,222	(5,344)	(466)	(3,828)
Deferred tax	<u>(87,476)</u>	<u>6,632</u>	<u>(74,579)</u>	<u>23,627</u>
	<u>(134,208)</u>	<u>(5,876)</u>	<u>(163,748)</u>	<u>(11,587)</u>

The effective tax rate for the financial period ended 30 June 2021 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 – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

17. Borrowings

	As at 30 June 2021					
	Long term		Short term		Total borrowings	
	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent
<u>Secured</u>						
Islamic term loans	-	702,295	-	121,115	-	823,410
Short term trade financing						
- United States Dollar	-	-	6,210	25,786	6,210	25,786
- Thai Baht	-	-	40,000	5,180	40,000	5,180
<u>Unsecured</u>						
Loan due to to ultimate holding company	-	882,576	-	3,205	-	885,781
Islamic short term trade financing						
- Ringgit Malaysia	-	13,116	-	2,275,766	-	2,288,882
- United States Dollar	-	-	4,102	17,030	4,102	17,030
Short term trade financing	-	-	-	212,537	-	212,537
Total borrowings		1,597,987		2,660,619		4,258,606

Exchanges rates applied as at 30 June 2021

United States Dollar	4.1520
Thai Baht	12.9507

As at 30 June 2021, 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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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (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 30 June 2021 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
<u>Non-current</u>			
Islamic profit rate swap	250,000	-	6,993
<u>Current</u>			
Foreign currency forwards	1,001,937	2,115	5,673
Palm oil futures	144,952	-	6,004
Sugar futures	8,967	519	-
	1,155,856	2,634	11,677
	1,405,856	2,634	18,670

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 2020. 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 2021.

<u>30 June 2021</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	519	2,115	-	2,634
- Trading securities	76,816	-	-	76,816
	77,335	2,115	-	79,450
Financial assets at FVOCI	3,012	-	138,273	141,285
Total assets	80,347	2,115	138,273	220,735
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,998,059	3,998,059
- Derivatives	12,997	5,673	-	18,670
Total liabilities	12,997	5,673	3,998,059	4,016,729



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
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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 period ended <u>30 June 2021</u>	Financial year ended <u>31 December 2020</u>
<u>LLA liability</u>		
1 January	4,213,824	4,316,146
Fair value changes charged to profit or loss (Repayment)/offsetting during the financial period/year:	(36,597)	158,490
- Fixed lease payments	(121,811)	(243,612)
- Share of profits	(72,700)	(17,200)
- Compensation on reclamation of LLA	15,343	-
	<u>3,998,059</u>	<u>4,213,824</u>
<u>Financial assets at FVOCI</u>		
1 January	140,685	103,686
Addition	1,424	3,521
Disposal	-	(14,007)
Fair value changes	(3,609)	47,588
Currency translation differences	(227)	(103)
	<u>138,273</u>	<u>140,685</u>



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
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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.

As at June 2021, the Group has decided to adopt the recent estimated changes in arriving at the fair value.

Revision in projection primarily factoring in the yield reduction has contributed to the net reduction of RM276 million to the LLA liability. The change in the estimated yield is mainly driven by the labour shortage issue being experienced by the Group currently. The labour shortage issue is expected to continue in view of the prolonged COVID-19 pandemic and risks associated with the environmental, social and governance (ESG) factors.

In view of the dynamic situation affecting the matters indicated above, the Group will continue to monitor the key assumptions in the upcoming periods. The key assumptions will be updated to incorporate most recent developments of COVID-19 effects, external expert views surrounding ESG factors and other parameters, such as commodity prices.

20. Earnings Per Share

	Quarter ended 30 June		Year to date ended 30 June	
	2021	2020	2021	2020
Basic earnings per share are computed as follows:				
Profit/(loss) for the financial period attributable to owners of the Company (RM'000)	<u>338,817</u>	<u>20,549</u>	<u>303,396</u>	<u>(121,800)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,648,152</u>	<u>3,648,152</u>	<u>3,648,152</u>	<u>3,648,152</u>
Basic earnings/(loss) per share (sen)	<u>9.29</u>	<u>0.56</u>	<u>8.32</u>	<u>(3.34)</u>

21. Status of Corporate Proposals

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



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued) Amounts in RM thousand unless otherwise stated

22. Significant Events

- (i) On 12 January 2021, the unconditional mandatory take-over offer by the Federal Land Development Authority (“FELDA or 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.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued) Amounts in RM thousand unless otherwise stated

22. Significant Events (continued)

- (vii) On 16 March 2021, following the final closing date of the offer on 15 March 2021, the Board of Director of the Company announced that the Offeror has received valid acceptances in respect of the Offer Shares resulting in the Offeror and its PACs holding 2,954,688,691 of the Company shares, presenting 80.99% of the total issued shares of the Company. Accordingly, the public shareholding spread of the Company as at 15 March 2021 is 14.01%. As such, the Company continues to be deemed not in compliance with the public shareholding spread requirement in accordance with Paragraph 8.02(1) of the Listing Requirements.

In view of the above, the Company had on 16 March 2021 submitted an application to Bursa Securities for an extension of time in accordance with Paragraph 8.02(4) of the Listing Requirements to rectify the shortfall and to allow sufficient time for the Offeror to formulate a firm plan on the Company's listing status.

- (viii) On 19 March 2021, Datuk Wira Azhar Abdul Hamid has tendered his resignation as a Chairman of the Company effective 1 April 2021.

- (ix) On 24 March 2021, the Board of Directors of the Company announced that Bursa Securities, had vide its letter dated 23 March 2021, granted the Company an extension of time of six months until 3 August 2021 to comply with the Public Spread Requirement.

As at 19 March 2021, the Company's public shareholding spread was 13.99%. The shortfall in the public shareholding spread of the Company arose as a direct consequence of the unconditional mandatory takeover offer by FELDA which had closed on 15 March 2021.

The Company will use the extension of time granted by Bursa Securities to formulate a rectification plan to address the shortfall in its public shareholding spread and to allow sufficient time for FELDA to formulate a firm plan on FGV's listing status.

On 5 August 2021, the Board of Directors announced that Bursa Securities, had vide its letter dated 4 August 2021, granted a further six-month extension until 3 February 2022, for the Company to comply with the Public Spread Requirement.

Based on the Record of Depositors, the public shareholding spread of the Company continued to decrease from 13.99% as at 19 March 2021 to 13.69% as at 30 June 2021. The Company is still in non-compliance with the public shareholding spread requirement.

As at the date of this announcement, the Company has yet to formulate a rectification plan to address the shortfall in the Public Spread Requirement.

The Company will make the necessary announcements in relation to the status of its effort to comply with the Public Spread Requirement.

- (x) On 5 April 2021, Dato' Haris Fadzilah Hassan has tendered his resignation as Group Chief Executive Officer ("GCEO") of the Company effective 15 May 2021. The Board will look for a suitable candidate to take over the position of the GCEO and an announcement will be made once the candidate has been identified.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued) Amounts in RM thousand unless otherwise stated

22. Significant Events (continued)

- (xi) On 30 April 2021, the Board of Directors of the Company announced that its wholly-owned subsidiary, FGV Integrated Farming Holdings Sdn Bhd has on 30 April 2021 entered into a binding term sheet (“Term Sheet”) with MSM Malaysia Holdings Berhad (“MSM”) setting out the salient terms for the proposed acquisition of 37,354,500 ordinary shares constituting 100% of the entire issued and paid up share capital in MSM Perlis Sdn Bhd (“MSM Perlis”) as at the date of the Term Sheet, and all ordinary shares to be issued and allotted to MSM pursuant to a proposed capitalisation by MSM Perlis prior to the signing of the Share Sale Agreement (“Proposed Acquisition”) for a cash consideration of RM175.0 million, subject to adjustment for net debt and net working capital at completion of the Proposed Acquisition.

In view of the interests of three (3) of the directors and certain major shareholders of the Company, the Proposed Acquisition is deemed to be a related party transaction pursuant to Chapter 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Proposed Acquisition is conditional upon approvals being obtained from the following:

- (i) the shareholders of MSM at a general meeting to be convened; and
- (ii) any other relevant authorities and/or parties, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise being undertaken by the Company, which has been announced but pending completion.

On 8 June 2021, the Board of Directors of the Company announced that its wholly-owned subsidiary, FGVIF had entered into the share sale agreement (“SSA”) with MSM for the Proposed Acquisition. The SSA supersedes the Term Sheet and any previous written or oral agreement between FGVIF and MSM in relation to the Proposed Acquisition.

On 28 July 2021, the Board of Directors of the Company announced that the Company mutually agreed with MSM to extend the cut-off date for the satisfaction or waiver of the Conditions from 31 August 2021 to 20 September 2021 and the date of completion from no later than 10 September 2021 to no later than 29 September 2021.

- (xii) On 11 May 2021, following the resignation of GCEO, the Board of Directors informed that Encik Azman Ahmad was appointed as the Officer-In-Charge to cover the duties and responsibilities of the GCEO effective 16 May 2021 until a new GCEO is appointed, or until such time as to be determined by the Board. Encik Azman shall continue his current role as the Group Divisional Director of Logistics & Others (“L&O”) Sector which he is holding since 1 January 2017.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued) **Amounts in RM thousand unless otherwise stated**

22. Significant Events (continued)

- (xiii) On 25 June 2021, The Board of Directors of FGV announced that the Company has officially launched the FGV Chuping Agro Valley (“FCAV”) in conjunction with the Council Meeting of Northern Corridor Implementation Authority (“NCIA”) held at the same day.

FGV Integrated Farming Holdings Sdn Bhd (“FGVIF”), a wholly-owned subsidiary of FGV is planning to transform Chuping into a large-scale farming area for major agriculture activities. The aim is to develop an Integrated High-Value Cash Crop Plantation and the potential development of fully integrated large-scale dairy farming.

FCAV’s development will be in-line with the Northern Corridor Economic Region (“NCER”) Agriculture Economic Zone (“NAEZ”) which will be a new investment destination for the private sector, both local and international in the region, supported by various government initiatives.

The fully integrated agro food project by FGV will promote sustainable food and agricultural best practices via strategic implementation of circular economy initiatives within the FCAV value chain and providing opportunities for better livelihood for the local community and assuring food security for the country.

23. Material events after reporting period

- (i) On 9 July 2021, the Board of Director has appointed Encik Mohd Nazrul Izam Bin Mansor as Group Chief Executive Officer (“GCEO”) effective 23 August 2021. Encik Azman Ahmad, FGV’s Group Divisional Director of Logistics and Support Businesses Sector who is currently the Officer-in-Charge (“OIC”) covering the duties and responsibilities of the GCEO, shall cease as the OIC on 22 August 2021, the day before En. Mohd Nazrul reports for duty as the Group CEO.
- (ii) On 12 July 2021, the Company announced that of Felda Global Ventures Indonesia Sdn Bhd (“FGVI”), a wholly-owned subsidiary of FGV was duly dissolved on 4 June 2021 in relation to the voluntary winding up. The dissolution of FGVI is part of FGV Group’s streamlining exercise to dissolve companies within its group that are dormant/inactive and would not have any material effect on the earnings or net assets of the FGV Group for the financial year ending 31 December 2021.
- (iii) On 15 July 2021, the Company announced that of FS Oils Sdn Bhd (“FS Oils”), an indirect subsidiary of FGV was duly dissolved on 4 June 2021 in relation to the voluntary winding up. The dissolution of FS Oils is part of FGV Group’s streamlining exercise to dissolve companies within its group that are dormant/inactive and would not have any material effect on the earnings or net assets of the FGV Group for the financial year ending 31 December 2021.



FGV HOLDINGS BERHAD

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2021 (continued)
Amounts in RM thousand unless otherwise stated

24. Prospects

The Board of Directors is of the view that Covid-19 remains to be the single largest risk to the Group as the prolonged pandemic along with the new variants of concern continue to affect the plantation industry. Some of the Group's operations are facing temporary shutdowns and shortage of migrant workers. To mitigate the impact of shutdown, vaccination programs are being expedited across our operations. On a positive note, CPO price is expected to remain high due to lower production of palm oil and other of oils.

Sugar business remains upbeat as demand for refined sugar remains stable despite the extension of the nationwide lockdown.

Logistic business will continue to implement its strategies to improve its sales volume, margin and operational efficiencies.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2021 will be in line with the industry.

By Order of the Board

Koo Shuang Yen
Company Secretary

30 August 2021