FGV HOLDINGS BERHAD

200701042133 (800165-P)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2024

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter ended 31 March 2024

	Note	Year to date ended 31 March 2024 RM'000	2023 RM'000	% +/(-)
Revenue		4,544,572	4,592,595	*(1.0)*
Cost of sales		(4,141,184)	(4,288,402)	
Gross profit		**403,388**	**304,193**	***32.6***
Other operating income		28,344	42,580	
Selling and distribution costs		(37,994)	(37,376)	
Administrative expenses		(218,211)	(204,037)	
Impairment loss of financial assets (net)		(11,063)	(375)	
Other operating expenses		(5,068)	(4,045)	
Commodity (losses)/gains - net		(6,541)	7,818	
Operating profit		**152,855**	**108,758**	***40.5***
Fair value changes in Land Lease Agreement ("LLA") liability		(86,042)	(32,155)	
Operating profit after LLA	15	**66,813**	**76,603**	***(12.8)***
Finance income		13,379	5,301	
Finance costs		(33,428)	(28,996)	
Share of results from associates		(329)	(393)	
Share of results from joint ventures		3,231	7,347	
Profit before zakat and taxation		**49,666**	**59,862**	***(17.0)***
Zakat		(472)	(511)	
Taxation	16	(45,930)	(51,308)	
Profit for the financial period		**3,264**	**8,043**	***(59.4)***
Profit/(loss) attributable to:				
- Owners of the Company		(13,494)	12,092	*<100*
- Non-controlling interests		16,758	(4,049)	
		3,264	**8,043**	***(59.4)***
Other comprehensive income/(loss)				
Actuarial gains on defined benefit plan		137	105	
Fair value changes of financial assets at fair value through other comprehensive income ("FVOCI")		125	3,191	
Share of other comprehensive income/(loss) of joint ventures		1,708	(167)	
Realisation of forex exchange reserve upon liquidation of a subsidiary		-	970	
Currency translation differences		39,157	(18,090)	
Cash flow hedges		16	25	
Other comprehensive income/(loss) for the financial period, net of tax		41,143	(13,966)	
Total comprehensive income/(loss) for the financial period		**44,407**	**(5,923)**	***>100***
Total comprehensive income/(loss) attributable to:				
- Owners of the Company		26,299	4,186	*>100*
- Non-controlling interests		18,108	(10,109)	
Total comprehensive income/(loss) for the financial period		**44,407**	**(5,923)**	***>100***
Earnings per share for profit attributable to the Owners of the Company:				
Basic (sen)		(0.37)	0.33	

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2023.

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2024

	Note	Unaudited As at 31 March 2024 RM'000	Audited As at 31 December 2023 RM'000
Non-current assets			
Property, plant and equipment		7,955,142	7,908,289
Right-of-use assets		2,170,206	2,195,949
Investment properties		64,192	66,074
Intangible assets		889,459	889,593
Interests in associates		57,731	58,060
Interests in joint ventures		597,039	593,623
Deposit and other receivables		157,708	159,511
Deferred tax assets		241,219	237,429
Financial assets at fair value through profit or loss	19	5,397	5,340
Financial assets through other comprehensive income	19	164,204	160,973
Biological assets		4,998	4,717
Tax recoverable		53,287	52,960
		12,360,582	12,332,518
Current assets			
Inventories		1,964,945	1,626,911
Receivables		1,474,716	1,333,653
Biological assets		69,401	65,087
Amount due from ultimate holding company		39,075	32,329
Amounts due from joint ventures		83,595	134,876
Amount due from an associate		38	38
Amounts due from related companies		120,438	62,037
Tax recoverable		43,827	44,139
Financial assets at fair value through profit or loss	19	97,229	89,857
Derivative financial assets	18	389	11,935
Contract assets		9,535	26,139
Deposits, cash and bank balances		1,848,992	1,523,234
		5,752,180	4,950,235
Total assets		**18,112,762**	**17,282,753**
Equity			
Share capital		7,029,889	7,029,889
Reserves		(1,141,120)	(1,057,974)
Equity attributable to owners of the Company		**5,888,769**	**5,971,915**
Non-controlling interests		1,614,394	1,610,065
Total equity		**7,503,163**	**7,581,980**

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2024 (continued)

	Note	**Unaudited As at 31 March 2024** RM'000	**Audited As at 31 December 2023** RM'000
Non-current liabilities			
Borrowings	17	1,123,174	1,163,357
LLA liability		3,279,160	3,257,842
Derivative financial liabilities	18	-	11
Provision for asset retirement		31,196	32,674
Provision for defined benefit plan		64,208	62,072
Lease liability		333,846	351,888
Deferred tax liabilities		594,494	591,523
		5,426,078	5,459,367
Current liabilities			
Payables		1,530,264	1,296,536
Amount due to ultimate holding company		189,646	276,663
Amounts due to joint ventures		-	506
Amounts due to associates		699	331
Amounts due to related companies		10,972	5,950
Borrowings	17	2,914,258	2,269,445
Derivative financial liabilities	18	1,063	403
Provision for asset retirement		755	734
Lease liability		31,854	30,637
LLA liability		259,887	255,971
Contract liabilities		113,530	91,661
Current tax liabilities		21,148	12,569
Dividend payable		109,445	-
		5,183,521	4,241,406
Total liabilities		10,609,599	9,700,773
Total equity and liabilities		**18,112,762**	**17,282,753**
Net assets per share attributable to owners of the Company		1.61	1.64

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2023.

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Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital RM'000	Foreign exchange reserve RM'000	Re-organisation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Year to date ended 31 March 2024								
At 1 January 2024	7,029,889	116,727	(3,089,497)	21,928	1,892,868	5,971,915	1,610,065	7,581,980
(Loss)/profit for the financial period	-	-	-	-	(13,494)	(13,494)	16,758	3,264
Other comprehensive income/(loss) for the financial period, net of tax:								
Items that will not be reclassified to profit or loss								
- actuarial gain on defined benefit plan	-	-	-	-	99	99	38	137
- fair value changes in financial assets at FVOCI	-	-	-	125	-	125	-	125
Items that will be subsequently reclassified to profit or loss								
- share of other comprehensive income of joint ventures	-	1,708	-	-	-	1,708	-	1,708
- currency translation differences	-	37,853	-	-	-	37,853	1,304	39,157
- cash flow hedge reserves	-	-	-	8	-	8	8	16
		39,561		8	-	39,569	1,312	40,881
Total other comprehensive income/(loss) for the financial period	**-**	**39,561**	**-**	**133**	**(13,395)**	**26,299**	**18,108**	**44,407**
Transactions with owners								
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(13,779)	(13,779)
Dividend payable for the financial year ended 31 December 2023 (final)	-	-	-	-	(109,445)	(109,445)	-	(109,445)
Total transactions with owners	-	-	-	-	(109,445)	(109,445)	(13,779)	(123,224)
At 31 March 2024	**7,029,889***	**156,288**	**(3,089,497)**	**22,061**	**1,770,028**	**5,888,769**	**1,614,394**	**7,503,163**

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

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	Share capital RM'000	Foreign exchange reserve RM'000	Re-organisation reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
Year to date ended 31 March 2023								
At 1 January 2023	7,029,889	68,156	(3,089,497)	29,495	2,193,614	6,231,657	1,653,028	7,884,685
Profit/(loss) for the financial period	-	-	-	-	12,092	12,092	(4,049)	8,043
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	-	-	-	-	105	105	-	105
- fair value changes in financial assets at FVOCI	-	-	-	3,248	-	3,248	(57)	3,191
<u>Items that will be subsequently reclassified to profit or loss</u>								
- share of other comprehensive loss of joint ventures	-	(167)	-	-	-	(167)	-	(167)
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	970	-	-	-	970	-	970
- currency translation differences	-	(12,075)	-	-	-	(12,075)	(6,015)	(18,090)
- cash flow hedge reserves	-	-	-	13	-	13	12	25
	-	(11,272)	-	13	-	(11,259)	(6,003)	(17,262)
Total other comprehensive (loss)/income for the financial period	-	**(11,272)**	-	**3,261**	**12,127**	**4,186**	**(10,109)**	**(5,923)**
<u>Transactions with owners</u>								
Dividend payable for the financial year ended 31 December 2022 (final)	-	-	-	-	(401,297)	(401,297)	-	(401,297)
Liquidation of a subsidiary	-	-	-	-	-	-	(1,061)	(1,061)
Total transactions with owners	-	-	-	-	(401,297)	(401,297)	(1,061)	(402,358)
At 31 March 2023	**7,029,889**	**56,884**	**(3,089,497)**	**32,756**	**1,804,514**	**5,834,546**	**1,641,858**	**7,476,404**

Includes 1 Special Share of RM1.00 held by Minister of Finance (Incorporated).

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2023.

FGV HOLDINGS BERHAD

Unaudited Condensed Consolidated Statement of Cash Flows

	Year to date ended 31 March	
	2024 RM'000	**2023** RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	3,264	8,043
Adjustments for non-cash items	345,740	278,410
Operating profit before working capital changes	**349,004**	**286,453**
Changes in working capital	(306,512)	146,230
Cash generated from operations	**42,492**	**432,683**
Interest received	13,379	5,301
Taxation paid, net	(34,456)	(137,927)
Zakat paid	(472)	(511)
Retirement benefits paid	(154)	(241)
Net cash generated from operating activities	**20,789**	**299,305**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(197,546)	(196,106)
Purchase of intangible asset	(2,773)	(153)
Proceeds from disposal of assets held for sale	-	9,000
Proceeds from disposal of property, plant and equipment	2,067	229
Proceed from disposal of financial assets at fair value through profit or loss	853	59,391
Net cash outflow from liquidation of subsidiary	-	(526)
Additions of financial assets at other comprehensive income	(787)	-
Additions of financial assets at fair value through profit or loss (net)	(3,336)	(62,813)
Dividend received from joint ventures	1,755	-
Net cash used in investing activities	**(199,767)**	**(190,978)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	2,659,509	1,956,179
Repayment of borrowings	(2,054,671)	(1,752,260)
Repayment of LLA liability	(60,808)	(110,509)
Dividend paid to non-controlling interest	(13,779)	-
Finance costs paid	(45,098)	(37,133)
Payments of lease liabilities	(9,966)	(15,206)
Net cash generated from financing activities	**475,187**	**41,071**
Net increase in cash and cash equivalents	**296,209**	**149,398**
Effect of foreign exchange rate changes	29,549	(10,639)
Cash and cash equivalents at beginning of the financial period	1,523,234	1,397,106
Cash and cash equivalents at end of the financial period	**1,848,992**	**1,535,865**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2023.

FGV HOLDINGS BERHAD

Explanatory Notes on the Quarterly Report – 31 March 2024

This interim financial information of FGV Holdings Berhad ('FGV' or 'Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ('MFRS') No. 134 – Interim Financial Reporting.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with FGV audited financial statements for the financial year ended 31 December 2023. These explanatory notes attached to the Unaudited Condensed Consolidated Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

1. Basis of Preparation

The financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 31 December 2023.

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

Effective for annual periods beginning on or after 1 January 2024

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

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

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on 'Lack of Exchangeability'

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group.

2. Seasonal or Cyclical Factors

Global sales of oils and fats products follow a similar pattern where sales increases ahead of festivities due to increased consumer demand. In addition, the harvest of fresh fruit bunches ("FFB") at palm oil plantations tends to increase in the second half of the financial year as a result of the rainfall pattern in Malaysia, which leads to a greater supply of CPO and PK during the second half of the financial year as FFB is immediately processed following its harvest.

Sales of refined oils and sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for cooking oil and refined sugar.

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

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

4. Material Changes in Estimates

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

5. Debt and Equity Securities

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

6. Dividends

No dividend has been paid during the quarter ended 31 March 2024.

7. Segment Information

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

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

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

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

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

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

7. Segment Information (continued)

The segment information provided to the Group's Chief Operating Decision Maker which is defined as Group Management Committee for the reportable segments of FGV for the financial year is as follows:

		Plantation RM'000	Oils and Fats RM'000	Sugar RM'000	Logistics and Support RM'000	Corporate HQ, Others and Elimination RM'000	Total RM'000
Year to date ended 31 March 2024							
Total segment revenue		1,332,393	3,885,935	957,004	194,754	79,280	6,449,366
Less: Inter-segment revenue		(1,002,380)	(692,077)	(50,096)	(88,048)	(72,193)	(1,904,794)
Revenue from external customers		**330,013**	**3,193,858**	**906,908**	**106,706**	**7,087**	**4,544,572**
Finance income		1,476	5,626	2,777	2,893	607	13,379
Finance costs		2,636	(9,404)	(11,387)	(1,490)	(13,783)	(33,428)
Depreciation and amortisation		(124,389)	(17,491)	(21,101)	(19,080)	(5,076)	(187,137)
Fair value changes in LLA liability		(86,042)	-	-	-	-	(86,042)
(Impairment of)/reversal of in							
- financial assets		(13,849)	1,206	828	752	-	(11,063)
- non-financials assets		-	221	-	-	-	221
Share of results of joint ventures		-	3,231	-	-	-	3,231
Share of results of associates		328	-	-	-	(657)	(329)
(Loss)/profit before zakat and taxation for the financial period		**(62,139)**	**26,647**	**67,166**	**32,585**	**(14,593)**	**49,666**
Disaggregation of the Group's revenue is as follows:	Timing of revenue recognition						
Sales of Palm Oil Products	At a point in time	5,666	2,829,790	-	-	-	2,835,456
Sales of Refined Sugar	At a point in time	-	-	906,908	-	-	906,908
Others	At a point in time/over time	324,347	364,068	-	106,706	7,087	802,208
		330,013	**3,193,858**	**906,908**	**106,706**	**7,087**	**4,544,572**

7. Segment Information (continued)

The segment information provided to the Group's Chief Operating Decision Maker which is defined as Group Management Committee for the reportable segments of FGV for the financial year is as follows: (continued)

		Plantation RM'000	Oils and Fats RM'000	Sugar RM'000	Logistics and Support RM'000	Corporate HQ, Others and Elimination RM'000	Total RM'000
Year to date ended 31 March 2023							
Total segment revenue		1,409,639	4,187,443	627,589	184,592	79,994	6,489,257
Less: Inter-segment revenue		(1,013,156)	(684,291)	(39,196)	(87,697)	(72,322)	(1,896,662)
Revenue from external customers		**396,483**	**3,503,152**	**588,393**	**96,895**	**7,672**	**4,592,595**
Finance income		2,654	2,316	1,594	1,042	(2,305)	5,301
Finance costs		(1,274)	(6,242)	(9,371)	(948)	(11,161)	(28,996)
Depreciation and amortisation		(122,135)	(17,631)	(19,425)	(24,255)	(5,747)	(189,193)
Fair value changes in LLA liability		(32,155)	-	-	-	-	(32,155)
(Impairment of)/reversal of impairment of:							
- financial assets		(841)	(158)	193	431	-	(375)
- non-financials assets		7,821	-	-	-	-	7,821
Share of results of joint ventures		-	7,347	-	-	-	7,347
Share of results of associates		524	-	-	-	(917)	(393)
Profit/(loss) before zakat and taxation for the financial period		**58,323**	**5,204**	**(31,731)**	**37,643**	**(9,577)**	**59,862**
Disaggregation of the Group's revenue is as follows:	Timing of revenue recognition						
Sales of Palm Oil Products	At a point in time	11,071	3,165,961	-	-	-	3,177,032
Sales of Refined Sugar	At a point in time	-	-	588,393	-	-	588,393
Others	At a point in time/ over time	385,412	337,191	-	96,895	7,672	827,170
		396,483	**3,503,152**	**588,393**	**96,895**	**7,672**	**4,592,595**

8. Capital Commitments

	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	248,752	510,620
	248,752	**510,620**

9. Significant Related Party Transactions

(I) Related party transactions for the financial year ended 31 March 2024 and 31 March 2023 are as follows:

(a) Sales of goods and services

	Year to date ended 31 March 2024 RM'000	Year to date ended 31 March 2023 RM'000
(i) Transactions with joint ventures		
Sales of CPO by FGV Trading Sdn. Bhd. ("FGVT") to FGV Iffco Sdn. Bhd. Group ("FISB Group")	227,920	236,388
Sales of Crude Palm Kernel Oil ("CPKO") by FGV Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group	42,707	43,347
Sales of CPO by FGVT to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	35,269	-
(ii) Transactions with Federal Land Development Authority ("FELDA") and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. ("FGVFSB")	102,869	136,719
IT services rendered by FGV Prodata Systems Sdn. Bhd ("Prodata")	10,133	10,798
Security services rendered by FGV Security Services Sdn. Bhd ("FSSSB")	4,918	5,427

9. Significant Related Party Transactions (continued)

(i) Related party transactions for the financial year ended 31 March 2024 and 31 March 2023 are as follows: (continued)

(b) Purchase of goods and services

	Year to date ended 31 March	
	2024 RM'000	2023 RM'000
Transactions with FELDA and its subsidiaries:		
LLA liability paid by FGV Plantations (Malaysia) Sdn. Bhd. ("FGVPM")	60,808	110,509
Interest expense charged by FELDA	-	4,180
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. ("FRISB")	36,692	30,753
Purchase of FFB by FGVT	1,001,282	1,021,833
Joint Consultative Committee payment by FGVT	3,705	3,841

(c) Transactions with Government related entities

	2024 RM'000	2023 RM'000
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy and Joint Industry incentive for sugar received/receivable from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup	108,616	42,186
Windfall tax paid/payable to Royal Malaysian Custom Department	17,686	19,586
CESS payment to Malaysia Palm Oil Board	9,115	9,078
Provision of IT solutions to Suruhanjaya Komunikasi dan Multimedia Malaysia	3,977	5,424
Provision of IT solutions to Lembaga Hasil Dalam Negeri Malaysia	13,766	2,551

10. Effect of Significant Changes in the Composition of FGV

There were no changes in the composition of the Group for the current financial period under review.

11. Contingent Liabilities and Material Litigation

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

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

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

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

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

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

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

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

On 14 March 2023, the High Court was informed that FGV Prodata and FELDA would like to oppose VDSL's application to amend the statement of claim. On 12 September 2023 the High Court granted VDSL's amendment application on the statement of claim. Prodata has filed Re-Amended Defence on 2 November 2023. The Court Registrar has fixed 2 July 2024 for parties to file in the Common Bundle of Documents and the list of witnesses. The Court also has fixed 16 to 19 June 2025 (4 days) for a full trial.

11. Contingent Liabilities and Material Litigation (continued)

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

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

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

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

On 5 October 2022, the Federal Court did not allow the Plaintiff's application for Leave to Appeal and therefore, the Main Action and the Counterclaim will proceed to trial in the High Court. The Court has fixed new trial dates on 17 to 19 April 2023 and fixed for a case management and hearing for 10th to 14th Defendants amendment application on the counter claim on 22 February 2023.

On 22 February 2023, the Judge indicated that this case would be more suitable to be heard in a Commercial Court (the case was filed in a Civil Court). Hence, the case management and hearing of 10th to 14th Defendants amendment application on the counter claim could not proceed. Additionally, the 1st Defendant has filed an application to amend his defence.

The case has been transferred to the Commercial Court. On 31 March 2023, the Court has fixed the 1st Defendant's Amendment Application and 10th to 14th Defendants Amendment Application for Hearing on 27 November 2023. On 27 November 2023, the Court has allowed both Applications with costs of RM5,000.00 to be borne by the 1st Defendant and 10th to 14th Defendants. The Court has fixed a hearing for the application on 2 July 2024.

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

11. Contingent Liabilities and Material Litigation (continued)

(iii) On 10 April 2023, Sri Kehuma Sdn. Bhd. and Yapidmas Plantation Sdn. Bhd., indirect subsidiaries of the Company, ("the Defendants") had been served with a sealed Writ of Summons dated 13 March 2023 ("the Writ") by Euggne Kousai ("the Plaintiff").

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

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

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

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

The solicitors have filed the Notice of Application to strike out the Plaintiff's claim (based on time limitation and res judicata/and or cause of action estoppel) on 31 October 2023. On 22 February 2024, the Court has been informed that that parties have exchanged their submissions for the striking out application and requested for a hearing date to be fixed. On 17 May 2024, the High Court had allowed Defendant's striking out application with costs of RM2,000.00.

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

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

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

On 25 January 2024, the High Court has allowed the Defendant's application to set aside the Judgement in Default dated 13 September 2023. On 8 February 2024, the Defendant filed its Defence. The solicitors have informed the Court that the pleadings have closed. The Court has fixed a mention on 27 June 2024 to monitor the compliance of the written submissions and bundle of authorities and to fix a hearing date for Defendant's striking out application.

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

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

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Explanatory Notes on the Quarterly Report – 31 March 2024 (continued)

12. Review of Group Performance

	Quarter ended 31 March			Quarter ended 31 December		Year to date ended 31 March		
	2024 RM'000	**2023** RM'000	% +/(-)	**2023** RM'000	% +/(-)	**2024** RM'000	**2023** RM'000	% +/(-)
Revenue	**4,544,572**	**4,592,595**	**(1.0)**	**5,364,702**	**(15.3)**	**4,544,572**	**4,592,595**	**(1.0)**
Plantation	(62,139)	58,323	>(100)	42,718	>(100)	(62,139)	58,323	>(100)
Oils and Fats	26,647	5,204	>100	63,612	(58.1)	26,647	5,204	>100
Sugar	67,166	(31,731)	>100	54,276	23.7	67,166	(31,731)	>100
Logistics and Support	32,585	37,643	(13.4)	45,729	(28.7)	32,585	37,643	(13.4)
Sector results	**64,259**	**69,439**	**(7.5)**	**206,335**	**(68.9)**	**64,259**	**69,439**	**(7.5)**
Corporate HQ, Others and Elimination	(14,593)	(9,577)		(26,915)		(14,593)	(9,577)	
Profit before zakat and taxation	**49,666**	**59,862**	**(17.0)**	**179,420**	**(72.3)**	**49,666**	**59,862**	**(17.0)**
Zakat	(472)	(511)		(15,790)		(472)	(511)	
Taxation	(45,930)	(51,308)		(64,387)		(45,930)	(51,308)	
Profit for the financial period	**3,264**	**8,043**	**(59.4)**	**99,243**	**(96.7)**	**3,264**	**8,043**	**(59.4)**
Profit attributable to:								
Owners of the Company	**(13,494)**	**12,092**	**>(100)**	**70,441**	**>(100)**	**(13,494)**	**12,092**	**>(100)**
Non-controlling interests	16,758	(4,049)		28,802		16,758	(4,049)	
Profit for the financial period	**3,264**	**8,043**	**(59.4)**	**99,243**	**(96.7)**	**3,264**	**8,043**	**(59.4)**

12. Review of Group Performance (continued)

(A) Current Quarter Ended 31 March 2024 against Previous Year's Corresponding Quarter Ended 31 March 2023

Overall

The revenue of the Group declined marginally by 1% to RM4.54 billion on the back of lower average CPO price realised of RM3,907 per MT in current quarter while the Group's profit before zakat and taxation declined to RM49.67 million for the current quarter compared to RM59.86 million in the corresponding quarter of the previous year. This was primarily attributed to loss incurred in the Plantation Division in the current quarter.

Nevertheless, the decline in profit was partially mitigated by enhanced performance in the Sugar and Oils & Fats Divisions during the current quarter.

(a) **Plantation Division**

The Plantation Division registered a loss of RM62.14 million compared to a profit of RM58.32 million in the same quarter last year. This loss was mainly due to a significant increase in the fair value charge on LLA, rising to RM86.04 million compared to RM32.16 million in the corresponding quarter of the previous year.

Excluding the fair value charge on LLA, the Division would have reported a profit of RM23.90 million, lower than the corresponding quarter of the previous year of RM90.48 million due to a 10% reduction in FFB production to 0.74 million MT from 0.82 million MT, resulting in a decrease in yield to 2.88 MT per hectare from 3.04 MT per hectare in corresponding quarter of the previous year and higher estate operational cost by 3%. Nonetheless, the OER achieved in current quarter improved to 20.59% from 19.81% registered in corresponding quarter of the previous year.

The Division was supported by higher profits recorded in the R&D segment, driven by higher margin in the fertiliser business along with an increase in its sales volume.

(b) **Oils & Fats Division**

The Oils & Fats Division registered an increased profit of RM26.65 million, surpassing the RM5.20 million profit from the previous year's corresponding quarter. The increase in profit was attributed to the increased contribution from Bulk commodities due to higher margin reported in the current quarter.

The division's result was partially impacted by decreased margin in edible oil and chemicals segments despite higher sales volume in tandem with festive seasons in the current quarter. Additionally, share of profit in joint ventures decreased to RM3.23 million from RM7.35 million in the corresponding quarter of the previous year.

13. Review of Group Performance (continued)

(A) Current Quarter Ended 31 March 2024 against Previous Year's Corresponding Quarter Ended 31 March 2023 (continued)

(c) Sugar Division

The Sugar Division reported an improvement in this quarter, registered a profit of RM67.17 million as compared to RM31.73 million loss in corresponding quarter of the previous year. The profit was attributed to improved margin achieved, stemming from higher overall sales volume, increase in average selling price and incentives received for certain packed sugar sold in the domestic market as well as better capacity utilisation.

(d) Logistics and Support Division

The Logistic and Support Division reported a decline in profit of RM32.59 million compared to RM37.64 million reported in the corresponding quarter of the previous year. The decrease was primarily attributed to a reduced profit in the Logistic division, driven by a lower throughput in the bulking segment and lower contribution from the IT and Support businesses in current quarter.

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

Overall

The Group reported a 15% lower revenue of RM4.54 billion and a reduced profit before zakat and taxation of RM49.67 million, compared to RM179.42 million registered in the preceding quarter. The decline in profit was primarily due to reduced profits from all Divisions except for Sugar Division.

(a) Plantation Division

The Plantation Division registered a loss of RM62.14 million compared to RM42.72 million profit in the preceding quarter. This loss was mainly due to a significant increase in the fair value charge on LLA, rising to RM86.04 million in current quarter from RM6.92 million in the preceding quarter.

Excluding the fair value charge on LLA, the Division reported a lower profit of RM23.90 million, lower than the preceding quarter of RM49.64 million, due to a 30% reduction in FFB production to 0.74 million MT from 1.05 million MT, resulting in a decrease in yield to 2.88 MT per hectare from 3.91 MT per hectare in preceding quarter and higher estate operational cost by 13%. Additionally, the OER achieved in current quarter was lower to 20.59% from 21.07% registered in preceding quarter.

The Division was supported by higher profit recorded in the R&D segment, driven by higher margin in the fertiliser business along with an increase in its sales volume as well as lower loss registered from Rubber processing business.

(b) Oils & Fats Division

The Oils & Fats Division recorded a lower profit of RM26.65 million compared to RM63.61 million in the preceding quarter. This decrease was attributed to significant lower margin achieved coupled with lower sales volume reported in Bulk commodities segment in the current quarter.

The division's performance was additionally impacted by the decreased profits in the Chemical segment, resulting from the lower margin affected by glycerin prices. The share of profit in joint ventures also reduced to RM3.23 million, compared to RM10.68 million registered in the preceding quarter.

(c) Sugar Division

The Sugar Division's registered a profit of RM67.17 million, higher compared to RM54.28 million in the preceding quarter due to higher average selling price. However, the increase in profit was partially offset by high input costs mainly in raw sugar and natural gas.

(d) Logistics and Support Division

The Logistic and Support Division recorded a lower profit of RM32.59 million, compared to RM45.73 million in the preceding quarter. The decrease was driven by reduced profitability in the Logistics segment in the current quarter in line with lower throughput and bulking rate coupled with lower contribution from Support segment.

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

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

15. Operating profit after LLA

	Year to date ended 31 March	
	2024 RM'000	**2023** RM'000
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	163,561	163,574
Depreciation of right-of-use assets	18,774	20,503
Depreciation of investment properties	1,882	1,912
Property, plant and equipment written off	3,036	4,664
Amortisation of intangible assets	2,920	3,204
Reversal of impairment loss on property, plant and equipment - net	(221)	(7,821)
Gain of disposal on property, plant and equipment	(1,609)	(229)
Net unrealised foreign exchange gain	(11,272)	(3,973)

16. Taxation

	Year to date Ended 31 March	
	2024 RM'000	**2023** RM'000
Malaysian income tax		
Current financial period	(43,020)	(19,782)
Foreign income tax		
Current financial period	(3,729)	(4,234)
Deferred tax	819	(27,292)
	(45,930)	**(51,308)**

The effective tax rate for the financial period ended 31 March 2024 is 93%, 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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Explanatory Notes on the Quarterly Report – 31 March 2024 (continued)

17. Borrowings

	As at 31 March 2024					
	Long term		Short term		Total borrowings	
	Foreign currency	RM'000 Equivalent	Foreign currency	RM'000 Equivalent	Foreign currency	RM'000 Equivalent
Secured						
Islamic term loans	-	234,538	-	163,828	-	403,676
Short term trade financing						
- Thai Baht	-	-	46,429	5,970	46,429	5,970
Sukuk	-	348,348	-	55,328	-	398,348
Unsecured						
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	2,058,562	-	2,058,562
- United States Dollar	-	-	17,225	81,309	17,225	81,309
Short term trade financing	-	-	-	495,383	-	495,383
Sukuk		447,655		52,212		499,867
Hire purchase	-	92,633	-	1,571	-	94,299
Total borrowings		**1,123,174**		**2,914,258**		**4,037,432**

Exchanges rates applied as at 31 March 2024

United States Dollar	4.7205
Thai Baht	12.9782

As at 31 March 2024, certain short term trade financing is secured over certain property, plant and equipment, benefits of an insurance covering finished goods, and guaranteed by some of the Directors and/or shareholders of certain subsidiary companies. Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group. Certain Sukuk is secured against a land of a subsidiary company.

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

MSMH continues to review and monitor the relevant financial covenants of its debts with financial institutions. MSMH expects certain challenges in meeting the financial covenant (ii) consolidated net debt and financing to EBITDA ratio, when it is subject to compliance testing requirement within 12 months after the reporting period. Based on past experience, MSMH has managed to obtain a waiver or letter of indulgence when required.

18. Derivative Financial Instruments

FGV uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 March 2024 are as follows:

	Contractual/ Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
Non-current			
Islamic profit rate swap	20,833	-	-
Current			
Foreign currency forwards	397,296	389	1,052
Palm oil futures	355,918	-	11
	753,214	389	1,063
	774,047	**389**	**1,063**

19. Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2023. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2024.

31 March 2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at fair value through profit or loss:				
- Derivatives	-	389	-	389
- Trading securities	102,626	-	-	102,626
Financial assets at FVOCI	3,421	-	160,783	164,204
Total assets	106,047	389	160,783	267,219
Liabilities				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	3,539,047	3,539,047
- Derivatives	11	1,052	-	1,063
Total liabilities	11	1,052	3,539,047	3,540,110

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

	Year to date ended 31 March 2024 RM'000	Financial year ended 31 December 2023 RM'000
LLA liability		
1 January	3,513,813	3,680,354
Fair value changes charged to profit or loss	86,042	133,706
Repayment during the financial period/year:		
- Fixed lease payments	(60,808)	(243,507)
- Share of profits	-	(56,740)
31 December	3,539,047	3,513,813
Financial assets at FVOCI		
1 January	157,716	159,407
Addition	787	1,997
Fair value changes	-	(7,670)
Currency translation differences	2,280	3,982
31 December	160,783	157,716

19. Fair Value Changes of Financial Instruments (continued)

Fair value changes for the LLA liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches prices, palm kernel prices, average yield of fresh fruit bunches, inflation rate, total acreage of planted oil palm and rubber, estate replanting fixed cost and capital expenditure; amongst others, on a periodic basis.

The Group adopted the most recent estimated changes then in arriving at the fair value. The key assumptions incorporating the most recent developments, other parameters such as commodity prices have been updated as at 31 March 2024.

20. Earnings Per Share

	Year to date ended 31 March	
	2024	**2023**
(Loss)/profit for the financial period attributable to Owners of the Company (RM'000)	(13,494)	12,092
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152
Basic earnings per share (sen)	**(0.37)**	**0.33**

21. Status of Corporate Proposals

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

22. Significant Events

(i) In the previous financial year, the Board of Directors of FGV and Maybank Investment Bank Berhad announced that the Company proposes to undertake the following:

a) proposed bonus issue of up to 364,815,150 new Islamic redeemable preference shares in FGV (**"**FGV RPS-i**"**) on the basis of one (1) FGV RPS-i for every ten (10) existing ordinary shares held in FGV on an entitlement date to be determined later ("Proposed Bonus Issue"). The FGV RPS-i will be issued at RM0.10 per FGV RPS-i ("Issue Price"); and

b) proposed amendments to the Constitution of FGV ("Proposed Amendments").

(collectively referred to as "Proposals")

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

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

22. Significant Events (continued)

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

23. Material events after reporting period

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

24. Prospects

The palm oil industry anticipates that Crude Palm Oil (CPO) prices will remain above RM3,800 per metric ton (MT) in the first half of 2024, before easing as seasonal output recovers. However, the potential shift to La Niña in the latter part of the year could lead to production shortfalls. Consequently, our projected CPO price range for 2024 falls between RM3,800 to RM4,000 per MT.

In our plantation operations, we will continue prioritizing yield enhancement activities. This involves closely monitoring crop harvesting and expanding mechanization for Fresh Fruit Bunch (FFB) evacuation. Key initiatives include the execution of the Withhold Release Order (WRO) Remediation Plan. FGV has allocated RM605 million over three years to improve worker accommodation facilities, ensuring regulatory compliance and enhancing overall employee well-being.

Following the rectification work at MSM’s Johor refinery, the Sugar Division is expected to increase its utilization factor by more than 50%. This improvement will reduce production costs and enhance the overall profitability of the Division. The rectification will also enable the Division to meet growing demand and strengthen its position in the export market.

The Logistics Division is exploring market expansion opportunities by increasing its bulking capacity and managing a higher volume of high-value products, including premium and renewable energy products. This strategy involves diversifying product handling to mitigate the impact of fluctuations in palm production on overall tonnage.

FGV is committed to submitting its petition to the United States (US) Customs and Border Protection (CBP) by June 2024. An independent assessor is currently conducting the final assessment of the Remediation Plan’s implementation. Upon completion, we will submit a petition to the CBP to modify the WRO.

Barring any unforeseen circumstances, the Group expects satisfactory performance in the financial year 2024, in line with the projected CPO price movement.

By Order of the Board

Azni Ariffin
Company Secretary

28 May 2024