



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Year Ended 31 December 2017**



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the quarter ended 31 December 2017

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 December			Year to date ended 31 December		
		2017	2016	% + / (-)	2017	2016	% + / (-)
Revenue		4,278,874	5,154,385	(17.0)	16,974,713	17,241,275	(1.5)
Cost of sales		(3,692,004)	(4,758,280)	22.4	(15,016,324)	(15,671,481)	4.2
Gross profit		586,870	396,105	48.2	1,958,389	1,569,794	24.8
Other operating income		143,988	31,656	>100	224,698	136,218	65.0
Selling and distribution costs		(86,623)	(63,991)	(35.4)	(370,504)	(308,790)	(20.0)
Administrative expenses		(301,203)	(277,579)	(8.5)	(989,816)	(933,698)	(6.0)
Other operating expenses		-	5,504	(100)	(44,308)	(15,852)	<100
Commodity gains/(losses) - net		(8,583)	(42,514)	79.8	22,592	(2,173)	>100
Operating profit	15	334,449	49,181	>100	801,051	445,499	79.8
Fair value changes in Land Lease Agreement ('LLA') liability		(68,700)	139,002	<100	(292,845)	(68,275)	<100
Operating profit after LLA		265,749	188,183	41.2	508,206	377,224	34.7
Finance income		38,891	36,126	7.7	64,281	56,796	13.2
Finance costs		(60,776)	(38,499)	(57.9)	(183,421)	(184,007)	0.3
Share of results from associates		3,634	5,058	(28.2)	21,336	29,767	(28.3)
Share of results from joint ventures		(1,213)	25,727	<100	6,188	(19,478)	>100
Profit before zakat and taxation		246,285	216,595	13.7	416,590	260,302	60.0
Zakat		(761)	(16,658)	95.4	(5,056)	(17,765)	71.5
Taxation	16	(84,996)	(107,688)	21.1	(203,488)	(176,078)	(15.6)
Profit for the financial period/year		160,528	92,249	74.0	208,046	66,459	>100
Profit attributable to:							
-Owners of the Company		76,573	112,457	(31.9)	143,727	31,466	>100
-Non-controlling interests		83,955	(20,208)	>100	64,319	34,993	83.8
		160,528	92,249	74.0	208,046	66,459	>100
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	20	2.1	3.1		3.9	0.9	



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 December 2017 (continued)

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

	Note	Quarter ended 31 December		% + / (-)	Year to date ended 31 December		% + / (-)
		2017	2016		2017	2016	
Profit for the financial period/year		160,528	92,249	74.0	208,046	66,459	>100
Other comprehensive (loss)/income							
Share of other comprehensive (loss)/income of joint ventures		(2,475)	9,119		(5,195)	3,662	
Share of other comprehensive loss of associates		-	(2,619)		-	(2,619)	
Actuarial loss on defined benefit plan		(7,448)	(9,788)		(7,941)	(9,788)	
Fair value changes in available-for-sale financial assets		(10,841)	(8,514)		(7,397)	(4,618)	
Reclassification of reserve on derecognition of available-for-sale financial assets		(33,675)	-		(33,675)	-	
Currency translation differences		(41,915)	62,668		(89,012)	21,930	
Cash flow hedges		1,047	-		717	-	
Long Term Incentive Plan reserve		(168)	-		(168)	-	
Other comprehensive (loss)/income for the financial period/year, net of tax		(95,475)	50,866		(142,671)	8,567	
Total comprehensive income for the financial period/year		<u>65,053</u>	<u>143,115</u>	(54.5)	<u>65,375</u>	<u>75,026</u>	(12.9)
Total comprehensive income attributable to:							
- Owners of the Company		16,988	165,856	(89.8)	33,571	41,094	(18.3)
- Non-controlling interests		48,065	(22,741)	>100	31,804	33,932	(6.3)
Total comprehensive income for the financial period/year		<u>65,053</u>	<u>143,115</u>	(54.5)	<u>65,375</u>	<u>75,026</u>	(12.9)

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 2016.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 December 2017 (continued)

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

	Note	Unaudited As at 31 December 2017	Audited As at 31 December 2016
<u>Non-current assets</u>			
Property, plant and equipment		10,522,594	10,073,774
Investment properties		118,169	127,017
Intangible assets		1,565,039	1,576,033
Interests in associates		278,259	260,700
Interests in joint ventures		585,773	628,071
Amount due from a joint venture		26,941	20,914
Biological assets		23,931	29,044
Prepaid lease payments		71,666	75,710
Deposit and other receivables		88,057	107,661
Deferred tax assets		685,978	779,421
Available-for-sale financial assets		157,877	154,810
Loan due from a joint venture		71,431	54,222
		14,195,715	13,887,377
<u>Current assets</u>			
Inventories		2,126,893	2,189,255
Receivables		1,596,734	1,755,127
Amount due from a significant shareholder		225,666	182,531
Amount due from joint ventures		419,795	524,429
Amount due from an associate		-	214
Amounts due from related companies		218,160	172,625
Tax recoverable		184,036	189,700
Available-for-sale financial assets		6,409	159,431
Financial assets at fair value through profit or loss		49,321	58,322
Derivative financial assets	18	7,592	5,489
Deposits, cash and bank balances		1,740,658	1,854,054
		6,575,264	7,091,177
Assets held for sale		43,768	48,132
		6,619,032	7,139,309
Total assets		20,814,747	21,026,686
<u>Equity</u>			
Share capital		7,029,889	7,029,889
Treasury shares		(1,476)	(1,059)
Reserves		(1,419,773)	(1,234,455)
Equity attributable to owners of the Company		5,608,640	5,794,375
Non-controlling interests		2,254,177	2,403,166
Total equity		7,862,817	8,197,541



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 December 2017 (continued)

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

	Note	Unaudited As at 31 December 2017	Audited As at 31 December 2016
<u>Non-current liabilities</u>			
Borrowings	17	733,234	198,992
Loan due to a significant shareholder	17	1,222,765	1,475,799
LLA liability		4,061,123	4,125,032
Provision for asset retirement		32,725	32,129
Provision for defined benefit plan		87,768	71,907
Deferred tax liabilities		761,963	832,908
		6,899,578	6,736,767
<u>Current liabilities</u>			
Payables		1,646,761	1,460,240
Loan due to a significant shareholder	17	164,551	213,206
Amount due to a significant shareholder		483,166	399,190
Amount due to associates		37	167
Amount due to joint ventures		-	6
Amounts due to related companies		5,080	11,433
Borrowings	17	3,376,922	3,692,140
Derivative financial liabilities	18	1,039	19,434
Provision for asset retirement		648	718
Other provision		32,841	-
LLA liability		332,157	282,532
Current tax liabilities		3,712	7,715
		6,046,914	6,086,781
Liabilities related to assets held for sale		5,438	5,597
		6,052,352	6,092,378
Total liabilities		12,951,930	12,829,145
Total equity and liabilities		20,814,747	21,026,686
		As at 31 December 2017	As at 31 December 2016
Net assets per share attributable to owners of the Company		1.54	1.59

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 2016.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Year to date ended 31 December 2017										
At 1 January 2017	3,648,152*	3,371,685	(1,059)	215,241	(3,060,790)	14,319	1,606,827	5,794,375	2,403,166	8,197,541
Transition to no par value regime on 31 January 2017	3,381,737	(3,371,685)	-	-	-	(10,052)	-	-	-	-
Profit for the financial year	-	-	-	-	-	-	143,727	143,727	64,319	208,046
Other comprehensive (loss)/income for the financial year, net of tax:										
<u>Item that will not be reclassified to profit or loss</u>										
- actuarial loss on defined benefit plan	-	-	-	-	-	-	(6,047)	(6,047)	(1,894)	(7,941)
<u>Items that will be subsequently reclassified to profit or loss</u>										
- currency translation differences	-	-	-	(88,610)	-	-	-	(88,610)	(402)	(89,012)
- fair value changes in available-for-sale financial assets	-	-	-	-	-	(7,609)	-	(7,609)	212	(7,397)
- reclassification of reserve on derecognition of available-for-sale financial assets	-	-	-	-	-	(2,893)	-	(2,893)	(30,782)	(33,675)
- share of other comprehensive (loss)/income of joint ventures	-	-	-	(5,552)	-	-	357	(5,195)	-	(5,195)
- cash flow hedge reserves	-	-	-	-	-	366	-	366	351	717
- Long Term Incentive reserve	-	-	-	-	-	(168)	-	(168)	-	(168)
Total other comprehensive (loss)/income for the financial year	-	-	-	(94,162)	-	(10,304)	357	(104,109)	(30,621)	(134,730)
Treasury shares	-	-	(417)	-	-	-	-	(417)	-	(417)
Accretion of interest in subsidiaries	-	-	-	-	-	-	-	-	4,502	4,502
Dividend paid for the financial year ended:										
- 31 December 2016 (final)	-	-	-	-	-	-	(36,483)	(36,483)	-	(36,483)
- 31 December 2017 (interim)	-	-	-	-	-	-	(182,406)	(182,406)	-	(182,406)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(185,295)	(185,295)
Total transaction with owners	-	-	(417)	-	-	-	(218,889)	(219,306)	(180,793)	(400,099)
At 31 December 2017	7,029,889	-	(1,476)	121,079	(3,060,790)	(6,037)	1,525,975	5,608,640	2,254,177	7,862,817



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Re-organisation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Year to date ended 31 December 2016										
At 1 January 2016, as previously stated	3,648,152*	3,371,685	-	193,521	(2,088,969)	18,937	1,303,521	6,446,847	2,538,622	8,985,469
Effects of change in accounting policy	-	-	-	-	(971,821)	-	389,096	(582,725)	(26,948)	(609,673)
Effects of correction in error	-	-	-	-	-	-	(36,819)	(36,819)	-	(36,819)
At 1 January 2016, as restated	3,648,152*	3,371,685	-	193,521	(3,060,790)	18,937	1,655,798	5,827,303	2,511,674	8,338,977
Profit for the financial year	-	-	-	-	-	-	31,466	31,466	34,993	66,459
Other comprehensive income/(loss) for the financial year, net of tax:										
<u>Item that will not be reclassified to profit or loss</u>										
- actuarial loss on defined benefit plan	-	-	-	-	-	-	(7,474)	(7,474)	(2,314)	(9,788)
<u>Items that will be subsequently reclassified to profit or loss</u>										
- currency translation differences	-	-	-	20,071	-	-	-	20,071	1,859	21,930
- fair value changes in available-for-sale financial assets	-	-	-	-	-	(4,618)	-	(4,618)	-	(4,618)
- share of other comprehensive loss of associate	-	-	-	(2,013)	-	-	-	(2,013)	(606)	(2,619)
- share of other comprehensive income of joint ventures	-	-	-	3,662	-	-	-	3,662	-	3,662
	-	-	-	21,720	-	(4,618)	-	17,102	1,253	18,355
Total other comprehensive income/(loss) for the financial year	-	-	-	21,720	-	(4,618)	23,992	41,094	33,932	75,026
Treasury shares	-	-	(1,059)	-	-	-	-	(1,059)	-	(1,059)
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	-	1,800	1,800
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(29,053)	(29,053)
Dividend paid for the financial year ended 31 December 2015 (final)	-	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(115,187)	(115,187)
Total transaction with owners	-	-	(1,059)	-	-	-	(72,963)	(74,022)	(142,440)	(216,462)
At 31 December 2016	3,648,152*	3,371,685	(1,059)	215,241	(3,060,790)	14,319	1,606,827	5,794,375	2,403,166	8,197,541

* 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 2016



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended	
	31 December	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	208,046	66,459
Adjustments for non-cash items	1,338,529	1,294,827
Operating profit before working capital changes	1,546,575	1,361,286
Changes in working capital	356,151	(185,426)
Cash generated from operations	1,902,726	1,175,860
Interest received	64,281	56,796
Taxation paid	(157,296)	(95,302)
Zakat paid	(5,056)	(17,765)
Retirement benefits paid	(3,217)	(2,002)
Net cash generated from operating activities	1,801,438	1,117,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,121,595)	(942,777)
Additions of biological assets	(23,093)	(128)
Purchase of intangible asset	(19,968)	(16,860)
Purchase of investment property	(8,283)	(1,595)
Purchase of prepaid lease payments	-	(5,850)
Net cash outflow from acquisition of a subsidiary	-	(278,618)
Net cash outflow from liquidation of subsidiaries	-	(916)
Proceeds from disposal of property, plant and equipment	263	748
Proceeds from sales of available-for-sale financial assets	287,930	-
Proceeds from asset held for sale	-	5,535
Additions of available-for-sale financial assets	(72,297)	(5,611)
Additions of financial assets at fair value through profit or loss	(2,758)	(601)
Payment for asset retirement obligations	(29)	(62)
Dividend received from associates	953	6,360
Dividend received from joint ventures	28,500	11,558
Dividend received from available-for-sale financial assets	2,582	2,873
Decrease/(increase) in restricted cash	-	494,496
Loan to joint ventures	(22,510)	(54,222)
Net cash used in investing activities	(950,305)	(785,670)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended	
	31 December	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	7,167,228	7,773,855
Repayment of borrowings	(6,947,357)	(7,432,387)
Repayment of LLA liability	(307,129)	(287,906)
Repayment of loan due to a significant shareholder	(300,286)	(204,286)
Dividend paid to shareholders	(218,889)	(72,963)
Dividend paid to non-controlling interest	(185,295)	(115,187)
Finance costs paid	(141,490)	(164,124)
Purchase of treasury stock	(417)	(1,059)
Net cash used in financing activities	<u>(933,635)</u>	<u>(504,057)</u>
Net decrease in cash and cash equivalents	(82,502)	(172,140)
Effect of foreign exchange rate changes	(31,471)	19,686
Cash and cash equivalents at beginning of the financial year	<u>1,854,054</u>	<u>2,008,539</u>
Cash and cash equivalents at end of the financial year	<u>1,740,081</u>	<u>1,856,085</u>
Deposits, cash and bank balances	1,740,658	1,854,054
(Less)/Add: Assets held for sale	(577)	2,031
Cash and cash equivalents at end of the year	<u>1,740,081</u>	<u>1,856,085</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2016.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017
Amounts in RM thousand unless otherwise stated

This interim financial information of Felda Global Ventures Holdings Berhad ('FGVH' 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 Financial Reporting Standard ('FRS') No. 134 – Interim Financial Reporting.

The Unaudited Condensed Interim Financial Information should be read in conjunction with FGVH audited financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the Unaudited Condensed 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 2016.

1. Basis of Preparation

(a) General

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2016, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRS and IC Interpretations with effect from 1 January 2017.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") for financial year beginning on 1 January 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time Adoption of MFRS".

(b) Accounting pronouncements that are effective and have been adopted by the Group as at 1 January 2017:

- Amendments to FRS 107 "Statement of Cash Flows" - Disclosure Initiative
- Amendments to FRS 112 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to FRS 12 "Disclosures of Interests in Other Entities"

The adoption of the above amendments to existing standards did not have any significant impact on the current or any prior financial year and are not likely to affect future financial periods.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (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 material or unusual items affecting FGVH'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 disclosed in 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

The Directors declared an interim dividend payment of 5.0 sen per share on 3,648,151,500 ordinary shares under single-tier system for the quarter ended 30 September 2017. The dividend totaling RM182.41 million was paid on 28 December 2017.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (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 Executive Committee ("EXCO").

The EXCO considers the business by product related activities. The reportable segments for the financial year ended 31 December 2017 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, processing and sales of biodiesel products, production of oleochemicals namely fatty acid and glycerine, production of graphene and nanotubes and production of consumer bulk and packed products, trading of CPO and research and development activities, fertilisers processing and production and sale of planting materials.
- Sugar Sector - Sugar refining and sales and marketing of refined sugar and molasses.
- Logistics and Others Sector - Bulking and transportation facilities and services, engineering services, information technology, rubber processing, security and travel.

The reportable segments have changed from the financial year ended 31 December 2016 due to the changes in the internal management reporting structure to the CODM. Comparatives have been restated to conform to the revised reportable segments.

Reconciliation to the reportable segments 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 EXCO assesses the performance of the operating segments based on profit before zakat and taxation.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

Year to date ended 31 December 2017	Plantation	Sugar	Logistics and Others	Reconciliation	Total
Total segment revenue	21,728,650	4,381,358	1,878,822	(11,014,117)	16,974,713
Less : Inter-segment revenue	(8,858,954)	(1,675,788)	(479,375)	11,014,117	-
Revenue from external customers	<u>12,869,696</u>	<u>2,705,570</u>	<u>1,399,447</u>	-	<u>16,974,713</u>
Finance income	29,459	27,335	9,841	(2,354)	64,281
Finance costs	(60,827)	(38,984)	(4,836)	(78,774)	(183,421)
Depreciation and amortisation	(529,066)	(44,596)	(96,422)	(15,795)	(685,879)
Fair value changes in LLA liability	(292,845)	-	-	-	(292,845)
Share of results of joint ventures	5,676	-	-	512	6,188
Share of results of associates	1,902	-	-	19,434	<u>21,336</u>
Profit/(loss) before zakat and taxation for the financial year	554,182	1,890	45,179	(184,661)	<u>416,590</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

	Plantation	Sugar	Logistics and Others	Reconciliation	Total
Year to date ended 31 December 2016					
Total segment revenue	21,434,453	4,166,714	1,551,665	(9,911,557)	17,241,275
Less : Inter-segment revenue	(7,987,478)	(1,507,173)	(416,906)	9,911,557	-
Revenue from external customers	<u>13,446,975</u>	<u>2,659,541</u>	<u>1,134,759</u>	-	<u>17,241,275</u>
Finance income	24,868	10,082	9,016	12,830	56,796
Finance costs	(72,342)	(12,439)	(3,863)	(95,363)	(184,007)
Depreciation and amortisation	(559,385)	(50,369)	(104,024)	(15,037)	(728,815)
Fair value changes in LLA liability	(68,275)	-	-	-	(68,275)
Share of results of joint ventures	(27,293)	-	-	7,815	(19,478)
Share of results of associates	1,604	-	-	28,163	<u>29,767</u>
Profit/(loss) before zakat and taxation for the financial year	233,780	151,808	7,962	(133,248)	<u>260,302</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 31 December 2017	As at 31 December 2016
Property, plant and equipment:		
- contracted	138,661	703,445
- not contracted	552,031	704,410
	<u>690,692</u>	<u>1,407,855</u>
Bearer plant:		
- contracted	99,031	87,958
- not contracted	-	18,094
	<u>99,031</u>	<u>106,052</u>
Biological asset:		
- not contracted	9,951	-
	<u>9,951</u>	<u>-</u>

9. Significant Related Party Transactions

Federal Land Development Authority ("FELDA"), a significant shareholder of the Group, effectively owns 33.7% of the issued share capital of the Company. FELDA is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of FRS 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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2017 and 30 December 2016 are as follows:

a) Sales of goods and services

	Year to date ended 31 December	
	2017	2016
(i) Transactions with joint ventures		
Sales of Palm Processed Oil ("PPO") and Palm Fatty Acid Distillate ("PFAD") by Felda Global Ventures Trading Sdn. Bhd. ("FGVT") to Felda Iffco Sdn. Bhd. ("FISB Group")	223,411	238,509
Sales of CPO by Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	1,826,595	1,671,057
Sales of Crude Palm Kernel Oil ("CPKO"), Refined Bleached Deodorised Palm Kernel Oil ("RBDPKO") and Palm Kernel Fatty Acid Distillate ("PKFAD") by Felda Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	1,661,119	1,487,618
Sales of CPO by FGVPM to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	353,468	311,442
Provision of storage space for vegetable oil by FBSB to FISB Group and FPG	14,900	14,685
(ii) Transaction with associates		
Sales of PPO by FGVT to F.K.W. Global Commodities (Private) Limited ("FKW")	43,179	38,520



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2017 and 31 December 2016 are as follows: (continued)

(a) Sales of goods and services (continued)

	Year to date ended 31 December	
	2017	2016
(iii) Transaction with FELDA and its subsidiaries		
Sales of fertiliser by FPM Sdn. Bhd ("FPMSB")	275,384	232,894
Maintenance and consultancy services by Felda Engineering Services Sdn. Bhd. ("FESSB")	39,544	72,099
IT services rendered by Prodata	27,974	28,349
Security services rendered by Felda Security Services Sdn. Bhd. ("FSSSB")	21,777	23,555
Sales of seedlings and planting materials by Felda Agricultural Services Sdn. Bhd. ("FASSB")	12,788	15,672
Travel and hospitality services rendered by Felda Travel Sdn. Bhd. ("FTSB")	10,472	9,623

(b) Purchase of goods and services

Transaction with FELDA and its subsidiaries:

LLA liability paid by FGVPM	307,129	287,906
Interest expense charged by FELDA	79,149	89,812
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRISB")	147,300	90,150
Purchase of FFB by FGVPM	3,756,304	2,990,673
Building rental charged by FELDA	27,356	33,490
Share of infrastructure cost in Sabah charged to FGVPM	9,058	14,637
Joint Consultative Committee payment by FPI and FGVPM to Felda	12,783	10,073



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2017 and 31 December 2016 are as follows: (continued)

(c) Transactions with Government related entities

	Year to date ended 31 December	
	2017	2016
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	71,701	141,124
CESS payment to Malaysia Palm Oil Board ('MPOB')	38,911	38,939

10. Effect of Significant Changes in the Composition of FGVH

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

11. Contingent Liabilities and Material Litigation

On 03 October 2017, Delima Oil Products Sdn Bhd ("DOP"), a subsidiary of FGV, 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.

At the first case management on 25 October 2017, DOP was ordered to Defence by 3 November 2017 and Azonda to file its Reply to Defence on 17 November 2017. DOP has filed its Defence and Counterclaim on 3 November 2017. This matter has been fixed for case management on 7 March 2018 and the trial is fixed on 15 to 18 May 2018.

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

Based on available information and on legal advice received, the Directors are of the view that there is a reasonable chance of defending the above claim and therefore, no provision has been made in the financial statements.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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12. Review of Group Performance

	Year to date ended		
	31 December		%
	2017	2016	+ / (-)
Revenue	<u>16,974,713</u>	<u>17,241,275</u>	(1.5)
Plantation	554,182	233,780	>100
Sugar	1,890	151,808	(98.8)
Logistics and Others ("LO")	<u>45,179</u>	<u>7,962</u>	>100
Sector results	601,251	393,550	52.8
Reconciliation	<u>(184,661)</u>	<u>(133,248)</u>	(38.6)
Profit before zakat and taxation	416,590	260,302	60.0
Zakat	(5,056)	(17,765)	(71.5)
Taxation	<u>(203,488)</u>	<u>(176,078)</u>	(15.6)
Profit for the financial year	<u><u>208,046</u></u>	<u><u>66,459</u></u>	>100
Profit attributable to:			
Owners of the Company	143,765	31,466	>100
Non-controlling interests	<u>64,281</u>	<u>34,993</u>	83.7
Profit for the financial year	<u><u>208,046</u></u>	<u><u>66,459</u></u>	>100

Overall

The Group's revenue for the financial year ended 31 December 2017 dropped marginally by 1.5% to RM16.97 billion compared to the previous year. Profit before zakat and taxation of the Group rose to RM416.59 million from RM260.30 million last year largely due to significant improvement in the results of Plantation and LO Sector. The Group's result was partially pulled down by lower profit in Sugar Sector attributed to higher raw sugar costs.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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13. Review of Group Performance (continued)

(a) Plantation Sector

Plantation Sector registered a significant improvement in their performance with a profit of RM554.18 million for the financial year ended 31 December 2017 from RM233.78 million in previous year on the back of higher CPO sales margin as average CPO price realised increased to RM2,792 per mt from RM2,560 per mt in 2016 while the CPO production cost was similar to previous year.

Operationally, CPO production increased by 12.3% to 2.99 million mt associated with the growth in FFB production from 3.91 million mt in 2016 to 4.26 million mt in 2017. OER was lower at 19.83% compared to 20.68% achieved in the previous year.

Higher margin was reported in the kernel crushing and fertilizer business due to increase in sales volume and gain in foreign exchange in fertilizer business compared to loss in foreign exchange in 2016.

In addition, there was a gain on disposal on long term investment amounted to RM73.13 million and improvement in share of results of joint ventures by RM32.97 million mainly in downstream segment.

The increase in Sector's profit was partially offset by higher fair value charge in LLA of RM292.85 million compared to RM68.28 million posted last year.

(b) Sugar Sector

Sugar Sector's profit declined to RM1.89 million from RM151.81 million in previous year affected by higher raw sugar material costs and weakened Ringgit despite improvement in selling price.

(c) Logistics and Others ("LO") Sector

LO Sector recorded a higher profit of RM45.18 million compared to RM7.96 million in previous year mainly due to higher throughput and tonnage carried by Group's transport operation in tandem with the increase in CPO production volume. In addition, Others Sector recorded 30% lower losses supported by higher selling price in rubber business.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
Amounts in RM thousand unless otherwise stated

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

	Quarter ended		%
	31 December 2017	30 September 2017	+ / (-)
Revenue	<u>4,278,874</u>	<u>4,148,989</u>	3.1
Plantation	299,048	107,125	>100
Sugar	27,847	15,643	78.0
LO	<u>19,595</u>	<u>20,146</u>	(2.7)
Sector results	346,490	142,914	>100
Reconciliation	<u>(100,205)</u>	<u>(28,583)</u>	<100
Profit before zakat and taxation	246,285	114,331	>100
Zakat	(761)	(3,222)	(76.4)
Taxation	<u>(84,996)</u>	<u>(60,314)</u>	(40.9)
Profit for the financial period	<u><u>160,528</u></u>	<u><u>50,795</u></u>	>100
Profit attributable to:			
Owners of the Company	76,573	38,772	>100
Non-controlling interests	<u>83,955</u>	<u>12,023</u>	>100
Profit for the financial period	<u><u>160,528</u></u>	<u><u>50,795</u></u>	>100

Overall

Group revenue for the quarter ended 31 December 2017 increased by 3.1% compared to preceding quarter while the profit before zakat and taxation for the Group increased to RM246.29 million from RM114.33 million in the preceding quarter mainly due to higher contribution from Plantation Sector in current quarter.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)

Amounts in RM thousand unless otherwise stated

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

(a) Plantation Sector

The Plantation Sector's profit grew almost threefold to RM299.05 million in current quarter compared to RM107.13 million in preceding quarter driven by higher average CPO price realized of RM2,723 per mt compared to RM2,665 per mt in preceding quarter and CPO sales volume that rose by 3.4%. FFB production for the current quarter dropped to 1.19 million mt from to 1.23 million mt in preceding quarter. OER achieved was higher at 19.92% in current quarter compared to 19.78% achieved in preceding quarter.

Better RBDPKO margin was posted in kernel crushing business in current quarter as the average price increased to 25.3% against preceding quarter. The results for the current quarter also include a gain on disposal of long term investment amounted to RM73.13 million which boosted the sector's profit in current quarter, compounded by lower fair value charge in LLA of RM68.70 million compared to RM103.58 million charged in preceding quarter.

(b) Sugar Sector

Sugar Sector recorded an improved performance with a profit of RM27.85 million compared to RM15.64 million in preceding quarter supported by lower raw sugar material costs. The average raw sugar cost per mt had decreased by 17% compared to preceding quarter in tandem with the decline in the market price of raw sugar.

(c) LO Sector

LO Sector posted slightly lower profit of RM19.60 million compared to RM20.15 million in preceding quarter. In spite of the improved contribution from the transport and bulking operation in current quarter, impairment of assets of RM10.0 million brought down the overall profit of the Sector.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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14. Variance of Actual Profit from Profit Forecast or Profit Guarantee

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

15. Operating Profit after LLA

	Year to date ended 31 December	
	2017	2016
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	643,861	677,792
Property, plant and equipment written off	10,044	17,973
Depreciation of investment properties	12,027	11,912
Amortisation of intangible assets	27,679	33,275
Amortisation of prepaid lease payments	2,312	5,122
Accelerated depreciation of biological assets	-	128
Impairment loss on a joint venture	2,444	13,893
Impairment loss on property, plant and equipment	10,000	89,098
Impairment loss on biological assets	5,701	-
Impairment of receivables	91,427	37,040
Provision for litigation loss	32,841	-
Gain on disposal of available-for-sale financial assets	(81,771)	-
Net unrealised foreign exchange loss/(gain)	<u>11,310</u>	<u>993</u>

16. Taxation

	Quarter Ended 31 December		Year to date Ended 31 December	
	2017	2016	2017	2016
Malaysian income tax				
Current financial period/year	(59,325)	(42,796)	(158,958)	(117,293)
Prior financial period/year	<u>(3,274)</u>	<u>25,169</u>	<u>-</u>	<u>25,240</u>
	(62,599)	(17,627)	(158,958)	(92,053)
Foreign income tax				
Current financial period/year	3,454	(2,216)	(3,488)	(8,470)
Deferred tax				
	<u>(25,851)</u>	<u>(87,845)</u>	<u>(41,042)</u>	<u>(75,555)</u>
	<u>(84,996)</u>	<u>(107,688)</u>	<u>(203,488)</u>	<u>(176,078)</u>

The effective tax rate of 49% for the financial year ended 31 December 2017 is higher than the Malaysian income tax rate of 24% due to certain expenses which are not allowable and deferred tax assets not recognised on losses in certain subsidiaries.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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17. Borrowings

	As at 31 December 2017					
	Long term		Short term		Total borrowings	
	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent
<u>Secured</u>						
Islamic term loans	-	725,873	-	80,158	-	806,031
Term loans	-	653	-	375	-	1,028
Islamic short term trade financing	-	-	-	-	-	-
Short term trade financing						
- United States Dollar	-	-	7,534	30,495	7,534	30,495
- Thai Baht	-	-	33,870	4,205	33,870	4,205
<u>Unsecured</u>						
Loan due to significant shareholder	-	1,222,765	-	164,551	-	1,387,316
Islamic term loans	-	6,708	-	-	-	6,708
Term loan	-	-	-	1,665	-	1,665
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,931,946	-	1,931,946
- United States Dollar	-	-	142,684	577,515	142,684	577,515
- Great Britain Pound	-	-	10,997	60,114	10,997	60,114
- Singapore Dollar	-	-	1,020	3,089	1,020	3,089
Short term trade financing	-	-	-	687,360	-	687,360
Total borrowings		1,955,999		3,541,473		5,497,472



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
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17. Borrowings (continued)

	As at 31 December 2016					
	Long term		Short term		Total borrowings	
	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent
Secured						
Islamic term loans	-	189,867	-	-	-	189,867
Term loans	-	468	-	558	-	1,026
Short term trade financing						
- Ringgit Malaysia	-	-	-	32,688	-	32,688
- Thai Baht	-	-	71,910	9,006	71,910	9,006
Finance lease liabilities	-	823	-	1,186	-	2,009
Unsecured						
Loan due to a significant Shareholder	-	1,475,799	-	213,206	-	1,689,005
Islamic term loans	-	7,834	-	1,665	-	9,499
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	2,685,068	-	2,685,068
- United States Dollar	-	-	201,563	904,213	201,563	904,213
- Great Britain Pound	-	-	9,842	54,253	9,842	54,253
- Singapore Dollar	-	-	996	3,089	996	3,089
Finance lease liabilities	-	-	-	414	-	414
Total borrowings		1,674,791		3,905,346		5,580,137

Exchanges rates applied

	<u>2017</u>	<u>2016</u>
United State Dollar	4.0475	4.4860
Thai Baht	12.4156	12.5237
Great Britain Pound	5.4666	5.5122
Singapore Dollar	3.0293	3.1006

As at 31 December 2017, 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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18. Derivative Financial Instruments

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 December 2017 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	692,330	7,592	51
Palm oil futures	94,479	-	988
	<u>786,809</u>	<u>7,592</u>	<u>1,039</u>

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 2016. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017.

<u>31 December 2017</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	-	7,592	-	7,592
- Trading securities	49,321	-	-	49,321
Available-for-sale financial assets	<u>77,413</u>	<u>-</u>	<u>86,873</u>	<u>164,286</u>
Total assets	<u>126,734</u>	<u>7,592</u>	<u>86,873</u>	<u>221,199</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,393,280	4,393,280
- Derivatives	<u>988</u>	<u>51</u>	<u>-</u>	<u>1,039</u>
Total liabilities	<u>988</u>	<u>51</u>	<u>4,393,280</u>	<u>4,394,319</u>



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Explanatory Notes on the Quarterly Report – 31 December 2017 (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 available for sale and commodity derivatives quoted on Bursa Malaysia Derivatives Berhad (formerly known as Malaysia Derivatives Exchange Berhad ("MDEX")) 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 available-for-sale financial assets.

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

	Financial period ended <u>31 December 2017</u>	Financial year <u>2016</u>
<u>LLA liability</u>		
1 January	4,407,564	4,627,195
Fair value changes charged to profit or loss	292,845	68,275
Repayment during the financial year	<u>(307,129)</u>	<u>(287,906)</u>
31 December	<u>4,393,280</u>	<u>4,407,564</u>
<u>Available for sale financial assets</u>		
1 January	247,543	251,351
Addition	10,585	5,488
Disposal	(126,206)	-
Liquidation of a subsidiary	-	(1,613)
Fair value losses transferred to available-for-sale reserves	(11,374)	(7,684)
Reclassification of reserve on derecognition of available-for-sale financial assets	<u>(33,675)</u>	<u>-</u>
31 December	<u>86,873</u>	<u>247,542</u>

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, lease term of planted oil palm and rubber and estate replanting fixed cost. Any changes on assumptions used will cause a material variation of the liability.



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20. Earnings Per Share

	Quarter ended 31 December		Year to date ended 31 December	
	2017	2016	2017	2016
Basic earnings per share are computed as follows:				
Profit for the financial period/year attributable to owners of the Company (RM'ooo)	<u>76,573</u>	<u>112,457</u>	<u>143,727</u>	<u>31,466</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	<u>2.1</u>	<u>3.1</u>	<u>3.9</u>	<u>0.9</u>

21. Status of Corporate Proposals

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

22. Significant events

- (i) On 23 November 2016, Group President/Chief Executive Officer of FGVH had mentioned there are indeed some unusual stock losses which management has detected in Felda Iffco Gida Sanayi, Turkey (FIGS), a subsidiary of Felda Iffco Sdn Bhd ("FISB Group"), a jointly controlled entity. As indicated in our Fourth Quarter 2016 Quarterly Announcement, the Audit and Forensic reports are completed. They confirmed the losses as previously reported, with no further losses to be accounted for.

A summary of the audit findings were that the company incurred losses due to negative variable margins, actual margins being lower than declared margins, and stock shortages which were undisclosed to the Board of Directors and Shareholders mainly via value adjustments, introduction of excess production batches and overstating receivables.

The Board of FIGS has since introduced several measures to prevent such occurrence again including the appointment of a new Chief Financial Officer whose immediate task is to review and improve internal controls found to be weak. The Board has also authorised the replacement of the current Enterprise Reporting System (ERP) to SAP, which will be centrally monitored and accessible to FISB management in Malaysia on an "online" basis. In addition, an employee of FGVH has been seconded to FIGS as the Deputy CFO, with responsibility over the production costing, inventory and Group reporting functions. The Board of FIGS further monitors these implementation of improvements closely including physical meetings scheduled at least once every 2 months.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
Amounts in RM thousand unless otherwise stated

22. Significant events (continued)

FIGS is covered by a Crime Insurance Cover insurance policy with a total coverage of US\$19 million. The recovery of the above losses via this Insurance policy is currently in progress. The insurance company has appointed an Investigative Specialist whose report on the losses were submitted to the insurance company on 13 March 2017. Subsequent meetings were held with the insurance company where a follow-up report was submitted on 7 May 2017. Management expects the claim to be finalised and insurance funds to be received in 2018.

- (ii) On 12 May 2017, the Board of Directors of Felda Global Ventures Holdings Berhad ("FGV") has announced that FGV Myanmar (L) Pte. Ltd ("FGV Myanmar"), a wholly owned subsidiary of FGV, had mutually terminated of the JVA in respect of the management and operations of the joint venture entity known as FGV Pho La Min Company Limited ("JV Co").

Pursuant to the terms of the Termination Agreement entered into between FGV Myanmar and Pho La Min Trading Company Limited dated 12 May 2017, the parties have agreed to mutually terminate the JVA and for the same to be of no further force or effect between the parties (the "Termination"). This Termination is subject to the full and satisfactory receipt of the shares and assets of the JV Co, returned proportionally between the parties in accordance with the Termination Agreement.

Having considered all aspects of this Termination, the Board of Directors of FGV are of the opinion the mutual termination disclosed herein are in the best interest of FGV. The termination of this JVA would not have any financial impact on FGV and its subsidiaries.

- (iii) On 6 June 2017, the Board of Directors of FGV informed that the Group President/Chief Executive Officer and Group Chief Financial Officer of FGV have been given leave of absence commencing from 6 June 2017 pending investigations of certain transactions under Delima Oil Products Sdn Bhd, a subsidiary of FGV.

In the interim, a Board Executive Committee, comprising of two (2) FGV Directors, YBhg. Dato' Dr Omar Salim and YBhg. Dato' Mohd Zafer Mohd Hashim, together with En. Azman Ahmad, Head of Logistics Cluster will take over the responsibility to perform the functions of the Group President/Chief Executive Officer. The Board has also appointed Pn. Aznur Kama Azmir, Group Financial Controller, Plantation Sector as the Interim Group Chief Financial Officer.

The Group Chief Financial Officer and the Group President/Chief Executive Officer ("GP/CEO") have resumed their duties on 4 October 2017 and 16 October 2017 respectively.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued) Amounts in RM thousand unless otherwise stated

22. Significant events (continued)

- (iv) On 19 June 2017, Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad resigned as a Chairman of FGV. On the same day, Tan Sri Dr Sulaiman Bin Mahbob has been appointed as an Acting Chairman of FGV.
- (v) On 20 July 2017, The Board of Directors of FGV informed on the appointment of YBhg. Dato' Khairil Anuar Haji Aziz, Chief Operating Officer, Logistics & Others Sector as the Officer-In-Charge to take over the duties and responsibilities of the Group President/Chief Executive Officer and at the same time the Board Executive Committee be disbanded with immediate effect from 20 July 2017.
- (vi) On 11 September 2017, the appointment of Datuk Wira Azhar Bin Abdul Hamid as Chairman of FGV was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. With the appointment of Datuk Wira Azhar Bin Abdul Hamid as the Chairman of FGV, Tan Sri Dr. Sulaiman Mahbob ceased to be the Acting Chairman of FGV.
- (vii) On 21 December 2017, Felda Marketing Services Sdn Bhd, a 51.0% owned subsidiary of Felda Palm Industries Sdn Bhd which in turn is a 72.0% owned subsidiary of Felda Holding Berhad, a wholly owned subsidiary of FGV entered into two separate sales and purchase agreements for the proposed disposal of 16.0% equity interest in AXA Affin General Insurance Berhad to AFFIN Bank Berhad (12.87%) and AXA Asia (3.13%) at the sale price of RM11.78 per share with a total consideration of RM224.38 million. The disposal has been completed on 28 December 2017 with a gain on disposal of RM73.13 million.
- (viii) On 20 December 2017, Felda Global Ventures Plantations Sdn Bhd ("FGVP"), a wholly-owned subsidiary of FGV entered into a Share Sale Agreement to acquire 100% of the total issued and paid-up share capital of Asian Plantations Limited ("APL") from FGV for a total consideration of RM567.90 million.

Thereafter, on 27 December 2017, the APL shares have been acquired by Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM"), a wholly-owned subsidiary of FGVP via a Share Sale Agreement for a total consideration of RM567.90 million.

The above is an internal re-organisation exercise whereby APL became a direct subsidiary of FGVPM and an indirect subsidiary of FGV.

23. Material events after reporting period

On 9 February 2018, the Board of Directors announced that the Joint Venture and Shareholders' Agreement ("JVSA") between Felda Global Ventures Downstream Sdn. Bhd. and Lipidventure Sdn. Bhd. dated 13 November 2013 has been mutually terminated and shall have no further effect. The termination of this JVSA would not have any financial impact on FGV and its subsidiaries.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2017 (continued)
Amounts in RM thousand unless otherwise stated

24. Prospects

The Group's 2017 full year results improved on the back of higher average CPO realized price achieved and higher fresh fruit bunch production, assisted by FGV's Transformation and Growth initiatives during the year. The transformation and growth enhancing efforts will continue into 2018, where the Board expects further positive results to be achieved.

By Order of the Board

Koo Shuang Yen
Company Secretary

22 February 2018