



FGV HOLDINGS BERHAD (800165-P)
(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Year Ended 31 December 2018**



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT

On consolidated results for the quarter ended 31 December 2018

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		
		2018	2017	% + / (-)	2018	2017	% + / (-)
Revenue		3,233,917	4,255,439	(24.0)	13,467,261	16,921,774	(20.4)
Cost of sales		(3,058,724)	(3,822,262)	20.0	(12,190,898)	(15,158,837)	19.6
Gross profit		175,193	433,177	(59.6)	1,276,363	1,762,937	(27.6)
Other operating income		27,636	125,037	(77.9)	118,152	205,747	(42.6)
Selling and distribution costs		64,673	61,492	5.2	(161,336)	(180,165)	10.5
Administrative expenses		(302,580)	(293,686)	(3.0)	(925,668)	(982,299)	5.8
Impairment losses on financial assets		(55,031)	-	<100	(149,102)	-	<100
Other operating expenses		(26,585)	(7,517)	<100	(744,665)	(51,825)	<100
Commodity gains/(losses) - net		(7,038)	(24,848)	>100	(7,523)	23,813	<100
Operating (loss)/profit	16	(123,732)	293,655	<100	(593,779)	778,208	<100
Fair value changes in Land Lease Agreement ('LLA') liability		(24,144)	(68,700)	64.9	(233,379)	(292,845)	20.3
Operating (loss)/profit after LLA		(147,876)	224,955	<100	(827,158)	485,363	<100
Finance income		9,677	47,670	(79.7)	32,633	73,060	(55.3)
Finance costs		(52,419)	(60,776)	13.8	(187,381)	(183,421)	(2.2)
Share of results from associates		(765)	3,634	<100	(11,721)	21,336	<100
Share of results from joint ventures		52,103	(1,213)	>100	(29,324)	6,188	<100
(Loss)/profit before zakat and taxation		(139,280)	214,270	<100	(1,022,951)	402,526	<100
Zakat		(3,117)	(761)	<100	(18,603)	(5,056)	<100
Taxation	17	(95,525)	(77,328)	(23.5)	(100,569)	(200,128)	49.7
(Loss)/profit for the financial period/year		(237,922)	136,181	<100	(1,142,123)	197,342	<100
(Loss)/profit attributable to:							
-Owners of the Company		(208,799)	50,441	<100	(1,079,952)	130,928	<100
-Non-controlling interests		(29,123)	85,740	<100	(62,171)	66,414	<100
		(237,922)	136,181	<100	(1,142,123)	197,342	<100
Earnings per share for (loss)/profit attributable to the owners of the Company:							
Basic (sen)	21	(5.7)	1.4		(29.6)	3.6	



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 December 2018 (continued)

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

	Quarter ended 31 December			Year to date ended 31 December		
	2018	2017	% + / (-)	2018	2017	% + / (-)
(Loss)/profit for the financial period/year	(237,922)	136,181		(1,142,123)	197,342	
Other comprehensive (loss)/ income						
Share of other comprehensive loss of associates	-	(2,781)		-	(2,781)	
Share of other comprehensive loss of joint ventures	(12,713)	(2,475)		(12,842)	(5,195)	
Actuarial gain/(loss) on defined benefit plan	2,473	(7,616)		2,034	(8,109)	
Fair value changes in available-for-sale financial assets	-	(10,841)		-	(7,397)	
Fair value changes in financial assets at fair value through other comprehensive income	(18,239)	-		(18,671)	-	
Reclassification of reserve on derecognition of available-for-sale financial assets	-	(33,675)		-	(33,675)	
Currency translation differences	(6,694)	(41,915)		(7,126)	(89,012)	
Cash flow hedges	(371)	1,047		(158)	717	
Other comprehensive loss for the financial period/year, net of tax	(35,544)	(98,256)		(36,763)	(145,452)	
Total comprehensive (loss)/income for the financial period/year	<u>(273,466)</u>	<u>37,925</u>	<100	<u>(1,178,886)</u>	<u>51,890</u>	<100
Total comprehensive (loss)/income attributable to:						
- Owners of the Company	(239,629)	(11,146)	<100	(1,111,332)	18,770	<100
- Non-controlling interests	<u>(33,837)</u>	<u>49,071</u>	<100	<u>(67,554)</u>	<u>33,120</u>	<100
Total comprehensive (loss)/income for the financial period/year	<u>(273,466)</u>	<u>37,925</u>	<100	<u>(1,178,886)</u>	<u>51,890</u>	<100

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2017.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 December 2018 (continued)

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

	Note	Unaudited As at 31 December 2018	Unaudited As at 31 December 2017	Unaudited As at 1 January 2017
<u>Non-current assets</u>				
Property, plant and equipment		10,460,004	10,446,122	10,074,111
Investment properties		118,370	118,169	127,017
Intangible assets		996,021	1,536,568	1,576,033
Interests in associates		101,082	275,478	260,700
Interests in joint ventures		488,175	585,773	628,071
Amount due from a significant shareholder		134,982	-	-
Amount due from a joint venture		62,929	26,941	20,914
Amounts due from related companies		126,334	-	-
Prepaid lease payments		67,089	71,666	75,710
Deposit and other receivables		76,326	88,057	107,661
Derivative financial assets	19	561	717	-
Deferred tax assets		577,546	740,359	779,421
Available-for-sale financial assets		-	157,877	154,810
Financial assets through other comprehensive income		86,224	-	-
Loans due from joint ventures		70,201	71,431	54,222
		<u>13,365,844</u>	<u>14,119,158</u>	<u>13,858,670</u>
<u>Current assets</u>				
Inventories		2,124,088	2,132,303	2,189,255
Receivables		1,363,461	1,373,976	1,763,258
Biological assets		42,589	54,338	68,831
Amount due from a significant shareholder		27,610	215,389	182,531
Amounts due from joint ventures		289,501	472,938	524,429
Amount due from an associate		-	-	214
Amounts due from related companies		50,206	146,789	172,625
Tax recoverable		200,949	203,309	189,700
Available-for-sale financial assets		-	6,409	159,431
Financial assets at fair value through profit or loss		46,055	49,321	58,322
Derivative financial assets	19	3,706	6,875	5,489
Contract assets		274	13,091	17,351
Deposits, cash and bank balances		1,220,351	1,740,658	1,854,054
		<u>5,368,790</u>	<u>6,415,396</u>	<u>7,185,490</u>
Assets held for sale		4,829	72,239	48,132
		<u>5,373,619</u>	<u>6,487,635</u>	<u>7,233,622</u>
Total assets		<u><u>18,739,463</u></u>	<u><u>20,606,793</u></u>	<u><u>21,092,292</u></u>
<u>Equity</u>				
Share capital		7,029,889	7,029,889	3,648,152
Share premium		-	-	3,371,685
Treasury shares		(1,115)	(1,484)	(1,488)
Reserves		(2,560,687)	(1,411,311)	(1,201,126)
Equity attributable to owners of the Company		<u>4,468,087</u>	<u>5,617,094</u>	<u>5,817,223</u>
Non-controlling interests		2,141,810	2,255,932	2,403,605
Total equity		<u>6,609,897</u>	<u>7,873,026</u>	<u>8,220,828</u>



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 31 December 2018 (continued)

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

	Note	Unaudited As at 31 December 2018	Unaudited As at 31 December 2017	Unaudited As at 1 January 2017
<u>Non-current liabilities</u>				
Borrowings	18	991,506	733,234	198,992
Loans due to a significant shareholder	18	1,074,045	1,222,765	1,475,799
LLA liability		4,079,836	4,067,794	4,125,032
Provision for asset retirement		31,810	32,725	32,129
Provision for defined benefit plan		83,743	87,768	71,907
Deferred tax liabilities		707,753	812,363	849,327
		<u>6,968,693</u>	<u>6,956,649</u>	<u>6,753,186</u>
<u>Current liabilities</u>				
Payables		1,248,825	1,178,883	1,441,505
Loans due to a significant shareholder	18	85,058	164,551	213,206
Amount due to a significant shareholder		187,582	483,166	399,190
Amounts due to associates		210	37	167
Amounts due to joint ventures		249	-	6
Amounts due to related companies		2,559	128,641	11,433
Borrowings	18	3,304,191	3,376,922	3,692,140
Derivative financial liabilities	19	7,545	1,039	19,434
Provision for asset retirement		662	648	718
Other provision		35,541	32,841	-
LLA liability		248,172	325,486	282,532
Contract liabilities		30,688	58,714	44,635
Current tax liabilities		8,606	3,712	7,715
		<u>5,159,888</u>	<u>5,754,640</u>	<u>6,112,681</u>
Liabilities related to assets held for sale		<u>985</u>	<u>22,478</u>	<u>5,597</u>
		<u>5,160,873</u>	<u>5,777,118</u>	<u>6,118,278</u>
Total liabilities		<u>12,129,566</u>	<u>12,733,767</u>	<u>12,871,464</u>
Total equity and liabilities		<u>18,739,463</u>	<u>20,606,793</u>	<u>21,092,292</u>
Net assets per share attributable to owners of the Company		<u>1.22</u>	<u>1.54</u>	<u>1.59</u>

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 2017.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

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

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Year to date ended 31 December 2018									
At 1 January 2018	7,029,889	(1,484)	119,077	(3,084,514)	(12,029)	1,528,111	5,579,050	2,256,428	7,835,478
Loss for the financial year	-	-	-	-	-	(1,079,952)	(1,079,952)	(62,171)	(1,142,123)
Other comprehensive (loss)/income for the financial year, net of tax:									
<u>Item that will not be reclassified to profit or loss</u>									
- actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	2,704	2,704	(670)	2,034
- fair value changes in financial assets at fair value through other comprehensive income	-	-	-	-	(18,477)	-	(18,477)	(194)	(18,671)
<u>Items that will be subsequently reclassified to profit or loss</u>									
- currency translation differences	-	-	(2,684)	-	-	-	(2,684)	(4,442)	(7,126)
- share of other comprehensive loss of joint ventures	-	-	(12,842)	-	-	-	(12,842)	-	(12,842)
- cash flow hedge reserves	-	-	-	-	(81)	-	(81)	(77)	(158)
	-	-	(15,526)	-	(81)	-	(15,607)	(4,519)	(20,126)
Total other comprehensive loss for the financial year	-	-	(15,526)	-	(18,558)	(1,077,248)	(1,111,332)	(67,554)	(1,178,886)
Treasury shares	-	(4,920)	-	-	-	-	(4,920)	-	(4,920)
Employee share grant	-	-	-	-	5,699	-	5,699	-	5,699
Liquidation of subsidiaries	-	5,289	-	-	(5,699)	-	(410)	(975)	(1,385)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	-	-	-	(46,089)	(46,089)
Total transaction with owners	-	369	-	-	-	-	369	(47,064)	(46,695)
At 31 December 2018	7,029,889*	(1,115)	103,551	(3,084,514)	(30,587)	450,863	4,468,087	2,141,810	6,609,897



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

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 2017										
At 1 January 2017	3,648,152	3,371,685	(1,488)	215,241	(3,084,514)	14,748	1,653,399	5,817,223	2,403,605	8,220,828
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016	3,381,737	(3,371,685)	-	-	-	(10,052)	-	-	-	-
Profit for the financial year	-	-	-	-	-	-	130,928	130,928	66,414	197,342
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	-	-	-	-	-	-	(6,215)	(6,215)	(1,894)	(8,109)
<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)
- transfer of reserve on derecognition of available-for-sale financial assets	-	-	-	-	-	(2,893)	-	(2,893)	(30,782)	(33,675)
- share of other comprehensive income of associate	-	-	-	(2,002)	-	-	-	(2,002)	(779)	(2,781)
- share of other comprehensive income of joint ventures	-	-	-	(5,552)	-	-	357	(5,195)	-	(5,195)
- cash flow hedges	-	-	-	-	-	366	-	366	351	717
	-	-	-	(96,164)	-	(10,136)	357	(105,943)	(31,400)	(137,343)
Total other comprehensive (loss)/income for the financial year	-	-	-	(96,164)	-	(10,136)	125,070	18,770	33,120	51,890
Treasury shares	-	-	(8,588)	-	-	-	-	(8,588)	-	(8,588)
Employee share grant	-	-	-	-	-	8,579	-	8,579	-	8,579
Transfer to LTIP reserve	-	-	8,592	-	-	(8,592)	-	-	-	-
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	-	4,502	4,502
Dividend paid for the financial year ended										
- 31 December 2016 (final)	-	-	-	-	-	-	(36,484)	(36,484)	-	(36,484)
- 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	-	-	4	-	-	(13)	(218,890)	(218,899)	(180,793)	(399,692)
At 31 December 2017	7,029,889*	-	(1,484)	119,077	(3,084,514)	(5,453)	1,559,579	5,617,094	2,255,932	7,873,026

* 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 2017.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended	
	31 December	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the financial year	(1,142,123)	197,342
Adjustments for non-cash items	2,236,379	1,268,556
Operating profit before working capital changes	1,094,256	1,465,898
Changes in working capital	(302,499)	285,943
Cash generated from operations	791,757	1,751,841
Interest received	32,633	73,060
Taxation paid	(63,473)	(198,142)
Zakat paid	(18,603)	(5,056)
Retirement benefits paid	(4,902)	(3,500)
Net cash generated from operating activities	737,412	1,618,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(923,302)	(1,005,394)
Purchase of intangible asset	(14,756)	(16,354)
Purchase of investment properties	-	(3,182)
Proceeds from disposal of property, plant and equipment	281	4,871
Proceeds from sales of available-for-sale financial assets	-	254,307
Proceeds from disposal of investment in an associate	145,000	-
Proceeds from sale of financial assets at fair value through profit or loss	101,180	7,907
Proceeds from redemption of RCPS in an associate	-	5,400
Additions of biological assets	-	(832)
Additions of available-for-sale financial assets	-	(72,263)
Additions of financial assets at fair value through profit or loss	(42,535)	-
Net cash outflow from liquidation in subsidiaries	(112)	-
Payment for asset retirement obligations	(49)	(29)
Dividend received from associates	824	806
Dividend received from joint ventures	44,728	28,500
Dividend received from available-for-sale financial assets	2,532	2,582
Loans to joint ventures	-	(22,510)
Net cash used in investing activities	(686,209)	(816,191)

**FGV HOLDINGS BERHAD***(Formerly known as Felda Global Ventures Holdings Berhad)***QUARTERLY REPORT (CONTINUED)****Unaudited Condensed Consolidated Statement of Cash Flows (continued)**
Amounts in RM thousand unless otherwise stated

	Year to date ended	
	31 December	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	5,673,513	7,147,353
Repayment of borrowings	(5,485,294)	(6,947,358)
Repayment of LLA liability	(298,651)	(307,129)
Repayment of loan due to a significant shareholder	(228,213)	(300,286)
Dividend paid to shareholders	-	(218,890)
Dividend paid to non-controlling interest	(46,089)	(61,734)
Finance costs paid	(187,437)	(213,190)
Purchase of treasury stock	(4,920)	(8,588)
Increase in restricted cash	(77,604)	(47,340)
Net cash used in financing activities	(654,695)	(957,162)
Net decrease in cash and cash equivalents	(603,492)	(155,150)
Effect of foreign exchange rate changes	5,014	(5,586)
Cash and cash equivalents at beginning of the financial year	1,693,318	1,854,054
Cash and cash equivalents at end of the financial year	1,094,840	1,693,318
Deposits, cash and bank balances	1,220,351	1,740,658
Less: Restricted cash	(124,944)	(47,340)
Less: Assets held for sale	(567)	-
Cash and cash equivalents at end of the financial year	1,094,840	1,693,318

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 2017.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018

Amounts in RM thousand unless otherwise stated

This interim financial information of FGV Holdings Berhad (formerly known as Felda Global Ventures 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 FGVH audited financial statements for the financial year ended 31 December 2017. 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 2017.

1. Basis of Preparation

The Group has adopted the new Malaysian Financial Reporting Standards ("MFRS") Framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2018. For the periods up to, and including the financial year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS") Framework as allowed by MASB as it includes transitioning entities. Except for certain differences, the requirements under FRS and MFRS are similar.

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 2017, except for the following:

- (a) Adoption of MFRS 1 and Annual Improvements to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"

The Group has consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 January 2017 (transition date) and throughout all financial years presented, as if these policies had always been in effect. Save for the required presentation of three statements of financial position in the first MFRS financial statements, there is no other significant impact on the Group's financial results and position, and changes to the accounting policies of the Group arising from the adoption of this MFRS Framework (other than as included in (b), (c) and (d)), although there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

Subsequent to the transition in the financial reporting framework to MFRS on 1 January 2018, the restated comparative information has not been audited under MFRS. However, the comparative statements of financial position as at 31 December 2017, comparative statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended have been audited under the previous financial reporting framework, FRS.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

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 2017, except for the following: (continued)

- (b) MFRS 9 “Financial Instruments” replaces MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). Gains or losses on the sale of financial assets at fair value through OCI will no longer be recycled to profit or loss on sale, but instead be reclassified from the fair value through OCI reserve to retained earnings.

A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model (“ECL”) is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group has assessed the impact of adoption of the new standard on 1 January 2018 and has identified the following areas:

- The Group's equity instruments that are currently classified as available-for-sale will satisfy the conditions for classification under fair value through OCI and hence there will be no change to the accounting treatment of these assets. However, gains or losses on the sale of financial assets at fair value through OCI will no longer be recycled to profit or loss on sale, but instead be reclassified from the fair value through OCI reserve to retained earnings.
- The new impairment model requiring recognition of impairment provisions to be based on ECL rather than only retrospective provisioning of credit losses as in this case under MFRS 139. It applies to financial assets classified at amortised cost.
- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss. There is no significant impact in respect of this change to the opening retained earnings of the Group as at 1 January 2018.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

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 2017, except for the following: (continued)

- (b) MFRS 9 “Financial Instruments” replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. (continued)

The Group has assessed the impact of adoption of the new standard on 1 January 2018 and has identified the following areas: (continued)

- When a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss. There is no significant impact on the Group's financial liabilities measured at amortised cost.
 - The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature of the Group's disclosures about its financial instruments particularly in the year of adoption of the new standard. Comparatives for financial year ended 31 December 2017 will not be restated.
- (c) MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

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 2017, except for the following: (continued)

- (c) MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. (continued)

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

The Group has assessed the effects of applying the new standard and has identified the following areas:

- Accounting for multiple element arrangements in contracts with customers – Where a contractual arrangement consists of two or more separate deliverables that have value to the customer on a stand-alone basis, revenue is recognised for each element as if it was an individual contract. Total contract consideration is allocated between separate deliverables based on their fair value. Identification of separate deliverables in relation to contracts with customers will affect the timing of the recognition of revenue moving forward. Judgement is applied in both identifying separate deliverables and allocating the consideration between them. The impact is not expected to be material to the opening retained earnings of the Group as at 1 January 2018 as majority of existing contracts have already incorporated these separation of deliverables into value attached to each deliverable.
- The Group does not expect any material impact to the basis of recognition for its sale of goods and services rendered other than the changes as disclosed in Note 1(e) of the Quarterly Report.
- The Group has adopted the standard using full retrospective approach (with optional practical expedients) which means that the cumulative impact of the adoption has been recognised in retained earnings as of 1 January 2017 and that comparatives has been restated.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

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 2017, except for the following: (continued)

- (d) MFRS 141 “Agriculture” and Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141

The Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture” introduce a new category of biological asset, i.e. the bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one financial period, and has remote likelihood of being sold as agricultural produce (except for incidental scrap sales).

Bearer plants are seen as similar to an item of machinery in a manufacturing plant, and therefore are treated the same way under MFRS 116 “Property, Plant and Equipment”. Therefore, bearer plants are measured either at cost or revalued amounts, less accumulated depreciation and impairment losses.

Agricultural produce growing on bearer plants are measured at fair value less costs to sell, with fair value changes recognised in profit or loss as the produce grows. However, there are two occasions where the standard permits departure from fair value: at the early stage of an asset’s life; and when fair value cannot be measured reliably on initial recognition.

The Group has changed its policy to align to the underlying principle of the amendments in respect of the bearer plants in previous financial year.

In respect of its agricultural produce, the Group has adjusted for the impact of the recognition of its agricultural produce measured at fair value less cost to sell (including deferred tax) upon adoption of the standard.

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

- Amendments to MFRS 2 “Share-based Payment” - Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 140 “Investment Property” - Clarification on Change in Use - Assets transferred to, or from, Investment Properties
- Annual Improvements to MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards”
- Annual Improvements to MFRS 128 “Investments in Associates and Joint Ventures”
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

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 2017, except for the following: (continued)

Standards, amendments to published standards and interpretation to existing standards that are applicable to the Group but not yet effective:

- MFRS 16 “Leases”
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to MFRS 9 “Financial Instruments” - Prepayment Features with Negative Compensation
- Annual Improvements to MFRS 3 “Business Combinations”
- Annual Improvements to MFRS 112 “Income Taxes”
- Annual Improvements to MFRS 123 “Borrowing Costs”

The adoption of the above standard, IC Interpretation and Amendments to MFRSs when they become effective are not expected to have any material impact on the financial statements of the Group except for MFRS 16. The Group is in the process of assessing the financial impact of adopting MFRS 16.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(e) The effects of the new accounting policies and the restatement of comparative figures are as follows:

	Quarter ended 31 December 2017				Restatement of comparative figures Year to date ended 31 December 2017			
	As per previous accounting framework	MFRS 15	MFRS 141	As per current accounting framework	As per previous accounting framework	MFRS 15	MFRS 141	As per current accounting framework
Revenue	4,243,865	11,574	-	4,255,439	16,939,704	(17,930)	-	16,921,774
Cost of sales	(3,657,554)	(164,708)	-	(3,822,262)	(14,981,874)	(176,963)	-	(15,158,837)
Selling and distribution costs	(86,623)	148,115	-	61,492	(370,504)	190,339	-	(180,165)
Other gains-net	2,148	-	(26,996)	(24,848)	33,323	-	(9,510)	23,813
Operating profit/(loss)	325,670	(5,019)	(26,996)	293,655	792,272	(4,554)	(9,510)	778,208
Taxation	(84,996)	(7)	7,675	(77,328)	(203,488)	(118)	3,478	(200,128)
Profit/(loss) for the financial period/year	160,528	(5,026)	(19,321)	136,181	208,046	(4,672)	(6,032)	197,342
Profit/(loss) attributable to:								
– Owners of the Company	76,573	(7,118)	(19,014)	50,441	143,727	(6,860)	(5,939)	130,928
– Non-controlling interests	83,955	2,092	(307)	85,740	64,319	2,188	(93)	66,414
	160,528	(5,026)	(19,321)	136,181	208,046	(4,672)	(6,032)	197,342
Earnings per share for profit attributable to the owners of the Company:								
Basic (sen)	2.10	(0.20)	(0.52)	1.38	3.94	(0.19)	(0.16)	3.59



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(e) The effects of new accounting policies and the restatement of comparative figures are as follows: (continued)

	As at 31 December 2017				Restatement of comparative figures			
				As per current accounting framework	As at 1 January 2017			As per current accounting framework
	As per previous accounting framework	MFRS 15	MFRS 141		As per previous accounting framework	MFRS 15	MFRS 141	
<u>Non-current assets</u>								
Property, plant and equipment	10,445,915	-	207	10,446,122	10,073,774	-	337	10,074,111
Biological assets	23,931	-	(23,931)	-	29,044	-	(29,044)	-
<u>Current assets</u>								
Inventories	2,126,893	5,410	-	2,132,303	2,189,255	-	-	2,189,255
Biological assets	-	-	54,338	54,338	-	-	68,831	68,831
Receivables	1,376,916	(2,940)	-	1,373,976	1,755,127	8,131	-	1,763,258
Contract assets	-	13,091	-	13,091	-	17,351	-	17,351
Total assets	20,560,618	15,561	30,614	20,606,793	21,026,686	25,482	40,124	21,092,292



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(e) The effects of new accounting policies and the restatement of comparative figures are as follows: (continued)

	As at 31 December 2017				Restatement of comparative figures			
					As at 1 January 2017			
	As per previous accounting framework	MFRS 15	MFRS 141	As per current accounting framework	As per previous accounting framework	MFRS 15	MFRS 141	As per current accounting framework
<u>Equity</u>								
Reorganisation reserve	(3,060,790)	-	(23,724)	(3,084,514)	(3,060,790)	-	(23,724)	(3,084,514)
Retained earnings	1,525,806	(7,064)	40,837	1,559,579	1,606,827	(204)	46,776	1,653,399
Non-controlling interests	2,253,398	2,074	460	2,255,932	2,403,166	(114)	553	2,403,605
<u>Non-current liabilities</u>								
Deferred tax liabilities	799,304	18	13,041	812,363	832,908	(100)	16,519	849,327
<u>Current liabilities</u>								
Payables	1,217,064	(38,181)	-	1,178,883	1,460,240	(18,735)	-	1,441,505
Contract liabilities	-	58,714	-	58,714	-	44,635	-	44,635
Total equity and liabilities	20,560,618	15,561	30,614	20,606,793	21,026,686	25,482	40,124	21,092,292



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

- (f) On 1 January 2018, the Group investment in sukuk fund was reclassified from available-for-sale to financial asset at fair value through profit and loss. As a result, the fair value of RM72,984,000 was reclassified to financial asset at fair value through profit and loss and related fair value gain or loss from this investment will be recognised in profit and loss.
- (g) On 1 January 2018, the Group investment in quoted and unquoted shares with fair values of RM91,302,000 were reclassified from available-for-sale to financial assets at fair value through other comprehensive income. The fair value gain or loss arising from these investment will be reclassified from the available-for-sale reserve to financial assets at fair value through other comprehensive income reserve.

2. Seasonal or Cyclical Factors

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

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

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

During the quarter under review, the goodwill on acquisition of Asian Plantations Limited of RM513 million had been reallocated and fully impaired as disclosed in Note 23(viii). There were no other 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

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. Change of Name

The Company has changed its name from Felda Global Ventures Holdings Berhad to FGV Holdings Berhad on 29 June 2018.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

7. Dividends

No dividend has been paid during the quarter ended 31 December 2018.

8. 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”) (formerly known as Executive Committee).

The GMC considers the business by product related activities. The reportable segments for the financial year ended 31 December 2018 have been identified as follows:

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

The reportable segments have changed from the financial year ended 31 December 2017 due to the changes in the internal management reporting structure to the CODM. Comparatives have been restated to conform to the revised reportable segments.

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

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



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

8. Segment Information (continued)

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

	Plantation	Sugar	Logistics and Support Business	Corporate HQ and Elimination	Total	
Year to date ended 31 December 2018						
Total segment revenue	15,282,761	2,569,311	1,502,106	5,886,917	25,241,095	
Less : Inter-segment revenue	(5,049,702)	(367,455)	(469,760)	(5,886,917)	(11,773,834)	
Revenue from external customers	<u>10,233,059</u>	<u>2,201,856</u>	<u>1,032,346</u>	-	<u>13,467,261</u>	
Finance income	23,084	13,384	2,497	(6,332)	32,633	
Finance costs	(65,627)	(47,370)	(11,453)	(62,931)	(187,381)	
Depreciation and amortisation	(559,205)	(47,160)	(83,338)	(11,792)	(701,495)	
Fair value changes in LLA liability	(233,379)	-	-	-	(233,379)	
Share of results of joint ventures	(41,504)	-	-	12,180	(29,324)	
Share of results of associates	1,540	-	-	(13,261)	(11,721)	
(Loss)/profit before zakat and taxation for the financial year	<u>(959,557)</u>	<u>58,667</u>	<u>44,394</u>	<u>(166,455)</u>	<u>(1,022,951)</u>	
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>					
Sales of Palm Products Oils	At a point in time	7,010,804	-	504,335	-	7,515,139
Sales of Sugar	At a point in time	-	2,201,856	-	-	2,201,856
Others	At a point in time/ over time	<u>3,222,255</u>	-	<u>528,011</u>	-	<u>3,750,266</u>
		<u>10,233,059</u>	<u>2,201,856</u>	<u>1,032,346</u>	-	<u>13,467,261</u>



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

8. Segment Information (continued)

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

	Plantation	Sugar	Logistics and Support Business	Corporate HQ and Elimination	Total	
Year to date ended 31 December 2017						
Total segment revenue	17,340,466	4,366,834	6,263,600	11,049,126	39,020,026	
Less : Inter-segment revenue	(8,835,219)	(1,710,796)	(503,111)	(11,049,126)	(22,098,252)	
Revenue from external customers	<u>8,505,247</u>	<u>2,656,038</u>	<u>5,760,489</u>	-	<u>16,921,774</u>	
Finance income	38,265	27,335	9,814	(2,354)	73,060	
Finance costs	(63,232)	(38,984)	(2,431)	(78,774)	(183,421)	
Depreciation and amortisation	(459,167)	(51,143)	(84,526)	(15,794)	(610,630)	
Fair value changes in LLA liability	(292,845)	-	-	-	(292,845)	
Share of results of joint ventures	5,692	-	-	496	6,188	
Share of results of associates	<u>1,902</u>	-	-	<u>19,434</u>	<u>21,336</u>	
Profit/(loss) before zakat and taxation for the financial year	<u>520,694</u>	<u>(1,877)</u>	<u>68,370</u>	<u>(184,661)</u>	<u>402,526</u>	
Disaggregation of the Group's revenue is as follows:	<u>Timing of revenue recognition</u>					
Sales of Palm Products Oils	At a point in time	4,519,747	-	5,232,501	-	9,752,248
Sales of Sugar	At a point in time	-	2,656,038	-	-	2,656,038
Others	At a point in time/ over time	<u>3,985,500</u>	-	<u>527,988</u>	-	<u>4,513,488</u>
		<u>8,505,247</u>	<u>2,656,038</u>	<u>5,760,489</u>	-	<u>16,921,774</u>



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

9. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 31 December 2018	As at 31 December 2017
Capital expenditure approved and contracted for:		
- Property, plant and equipment	495,115	415,178
- Bearer plants	95,708	99,031
- Intangible assets	2,941	-
	<u>593,764</u>	<u>514,209</u>

10. 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 MFRS 124 – “Related Party Disclosures”, FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as “government-related entities”) are related parties of the Group.

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

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

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



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

10. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2018 and 31 December 2017 are as follows:

(a) Sales of goods and services

	Year to date ended 31 December	
	2018	2017
(i) Transactions with joint ventures		
Sales of Palm Processed Oil (“PPO”) and Palm Fatty Acid Distillate (“PFAD”) by FGV Palm Industries Sdn. Bhd. (formerly known as Felda Palm Industries Sdn. Bhd.) (“FPI”) and FGV Trading Sdn. Bhd. (“FGVT”) to Felda Iffco Sdn. Bhd. (“FISB Group”)	136,146	223,411
Sales of CPO by FPI and FGV Plantations (Malaysia) Sdn. Bhd. (formerly known as Felda Global Ventures Plantations (Malaysia) Sdn. Bhd.) (“FGVPM”) to FISB Group	1,365,665	1,826,595
Sales of Crude Palm Kernel Oil (“CPKO”), Refined Bleached Deodorised Palm Kernel Oil (“RBDPKO”) and Palm Kernel Fatty Acid Distillate (“PKFAD”) by FGV Kernel Products Sdn. Bhd. (formerly known as Felda Kernel Products Sdn. Bhd.) (“FKPSB”) to FISB Group and FPG Oleochemicals Sdn. Bhd. (“FPG”)	1,135,348	1,661,119
Sales of CPO by FPI and FGVPM to MAPAK Edible Oil Pvt. Ltd. (“MAPAK”)	228,612	353,468
Provision of storage space for vegetable oil by FGV Bulkers Sdn. Bhd. (formerly known as Felda Bulkers Sdn. Bhd.) to FISB Group and FPG	14,904	14,900
(ii) Transaction with associates		
Sales of PPO by FPI and FGVT to F.K.W. Global Commodities (Private) Limited (“FKW”)	21,278	43,179

**FGV HOLDINGS BERHAD***(Formerly known as Felda Global Ventures Holdings Berhad)***QUARTERLY REPORT (CONTINUED)****Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)**
Amounts in RM thousand unless otherwise stated**10. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial year ended 31 December 2018 and 31 December 2017 are as follows: (continued)

(a) Sales of goods and services (continued)

	Year to date ended 31 December	
	2018	2017
(iii) Transactions with FELDA and its subsidiaries		
Sales of fertiliser by FGV Fertiliser Sdn. Bhd. (formerly known as FPM Sdn. Bhd.) ("FPMSSB")	104,158	275,384
Maintenance and consultancy services by Felda Engineering Services Sdn. Bhd. ("FESSB")	6,602	39,544
IT services rendered by Felda Prodata Sdn. Bhd. ("Prodata")	25,230	27,974
Security services rendered by Felda Security Services Sdn. Bhd ("FSSSB")	23,564	21,777
Sales of seedlings and planting materials by FGV Agri Services Sdn. Bhd. (formerly known as Felda Agricultural Services Sdn. Bhd.) ("FASSB")	16,647	12,788
Travel and hospitality services by Felda Travel Sdn. Bhd ("FTSB")	10,980	10,472
(b) <u>Purchase of goods and services</u>		
Transactions with FELDA and its subsidiaries:		
LLA liability paid by FGVP	298,651	307,129
Interest expense charged by FELDA	62,361	77,746
Purchase of cup lump by FGV Rubber Industries Sdn. Bhd. (formerly known as Felda Rubber Industries Sdn. Bhd.) ("FRISB")	125,512	147,300



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

10. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2018 and 31 December 2017 are as follows: (continued)

(b) Purchase of goods and services

	Year to date ended 31 December	
	2018	2017
Transactions with FELDA and its subsidiaries:		
Purchase of FFB by FPI and FGVP	2,838,442	3,756,304
Building rental charged by FELDA	22,383	27,356
Joint Consultative Committee payment by FGVP and FPISB to FELDA	12,678	12,783

(c) Transactions with Government related entities

	Year to date ended 31 December	
	2018	2017
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	20,669	71,701
CESS payment to MPOB	36,724	38,911

11. Effect of Significant Changes in the Composition of FGVH

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



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

12. Contingent Liabilities and Material Litigation

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

On 3 November 2017, DOP filed its Statement of Defence and Counterclaim and Azonda filed its Reply to Defence and Defence to Counterclaim on 15 November 2017. The Court has fixed 15 January 2019 for hearing of the Defendant’s application to call an additional witness and 4 March 2019 to 6 March 2019 for continued trial.

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

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



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

13. Review of Group Performance

	Year to date ended		%
	31 December	2017	
	2018	2017	+ / (-)
Revenue	<u>13,467,261</u>	<u>16,921,774</u>	(20.4)
Plantation	(959,557)	520,694	<100
Sugar	58,667	(1,877)	>100
Logistics and Support Business ("LSB")	<u>44,394</u>	<u>68,370</u>	(35.1)
Sector results	(856,496)	587,187	<100
Corporate HQ and elimination	<u>(166,455)</u>	<u>(184,661)</u>	9.9
(Loss)/profit before zakat and taxation	(1,022,951)	402,526	<100
Zakat	(18,603)	(5,056)	<100
Taxation	<u>(100,569)</u>	<u>(200,128)</u>	49.7
(Loss)/profit for the financial year	<u>(1,142,123)</u>	<u>197,342</u>	<100
(Loss)/profit attributable to:			
Owners of the Company	(1,079,952)	130,928	<100
Non-controlling interests	<u>(62,171)</u>	<u>66,414</u>	<100
(Loss)/profit for the financial year	<u>(1,142,123)</u>	<u>197,342</u>	<100

Overall

Group revenue dropped by 20.4% to RM13.47 billion for the financial year ended 31 December 2018 against previous year while the Group incurred a significant loss before zakat and taxation of RM1,022.95 million compared to a profit of RM402.53 million in previous year. The results of the Group were largely hit by impairments and lower average CPO price realized of RM2,282 per mt for the year.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued) **Amounts in RM thousand unless otherwise stated**

13. Review of Group Performance (continued)

(a) Plantation Sector

Plantation Sector posted a loss of RM959.56 million for the financial year ended 31 December 2018 compared to a profit of RM520.69 million in previous year. The Sector was significantly impacted by the impairment losses in the goodwill that arose from the acquisition of APL of RM513 million (Note 23(viii)).

The Sector's result was brought down by lower average CPO price realised of RM2,282 per mt compared to RM2,792 per mt in previous year. This was further compounded by declining margin in kernel crushing and refining business, lower volume and margin achieved in planting materials.

FFB production also weakened marginally by 1.2% to 4.21 million mt in 2018 with a yield of 16.90 mt per hectare. Notwithstanding the above, OER was higher at 20.49% compared to 19.83% achieved in the previous year due to various measures done following the turnaround initiatives.

(b) Sugar Sector

Sugar Sector registered an improvement from a loss of RM1.88 million in previous year to profit of RM58.67 million for the financial year ended 31 December 2018 on the back of lower raw sugar material costs and strengthening of Ringgit Malaysia. The higher profit was partly affected by lower sugar volume due to aggressive competition in domestic sugar market resulting in lower average selling price.

(c) LSB Sector

LSB Sector recorded 35% lower profit of RM44.39 million for the financial year ended 31 December 2018. This was mainly attributable to the absence of the one-off gain on disposal of long term investment amounted to RM73.13 million recognised in previous year. Excluding this gain from the previous year's result, the Sector registered a better profit due to improved contribution from commodities marketing business.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

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

	Quarter ended		%
	31 December 2018	30 September 2018	+ / (-)
Revenue	<u>3,233,916</u>	<u>3,193,304</u>	1.3
Plantation	(121,535)	(849,788)	85.7
Sugar	(12,805)	21,558	<100
LSB	<u>19,258</u>	<u>(31,608)</u>	>100
Sector results	(115,082)	(859,838)	86.6
Corporate HQ and elimination	<u>(24,198)</u>	<u>(51,307)</u>	52.8
Loss before zakat and taxation	(139,280)	(911,145)	84.7
Zakat	(3,117)	(753)	<100
Taxation	<u>(95,525)</u>	<u>(1,903)</u>	<100
Loss for the financial period	<u>(237,922)</u>	<u>(913,801)</u>	74.0
Loss attributable to:			
Owners of the Company	(208,799)	(849,256)	75.4
Non-controlling interests	<u>(29,123)</u>	<u>(64,545)</u>	54.9
Loss for the financial period	<u>(237,922)</u>	<u>(913,801)</u>	74.0

Overall

Group revenue increased marginally by 1.3% to RM3.23 billion compared to preceding quarter. The Group posted a loss before zakat and taxation of RM139.28 million compared to a loss of RM911.14 million due to significant impairment of RM788 million recognised in preceding quarter.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

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

(a) Plantation Sector

The Plantation Sector recorded a loss of RM121.54 million compared to a significant loss of RM849.79 million in preceding quarter. This was mainly attributed to higher impairment and higher fair value charge of LLA recorded in preceding quarter.

The lower loss in current quarter was underpinned by better margin from kernel crushing and refining business coupled with improvement in the share of results from joint ventures on the back of insurance claim received from Felda Iffco Gida Sanayi amounting to TL73 million (equivalent to RM62 million).

Average CPO price realised was lower at RM2,053 per mt compared to RM2,224 per mt in preceding quarter but partially mitigated by higher CPO sales volume of 13.7%. Operationally, FFB production rose to 1.15 million mt from 1.08 million mt in preceding quarter whilst OER was lower at 20.70% in current quarter compared to 20.89% achieved in preceding quarter.

(b) Sugar Sector

Sugar Sector's recorded a loss of RM12.81 million compared to profit of RM21.59 million in preceding quarter due to lower sales volume coupled with the decrease in average selling price as compared to preceding quarter. The decrease in profit was partially offset by lower raw sugar material costs in current quarter.

(c) LSB Sector

LSB Sector posted a profit of RM19.26 million compared to RM31.61 million losses in preceding quarter due to improved contribution from bulking and commodities marketing business.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

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

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

16. Operating profit after LLA

	Year to date ended 31 December	
	2018	2017
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	657,366	572,818
Property, plant and equipment written off	55,542	22,901
Depreciation of investment properties	12,188	12,030
Amortisation of intangible assets	28,241	22,725
Amortisation of prepaid lease payments	3,700	2,964
Impairment loss on amount due from a joint venture	22,909	10,366
Impairment loss on investment in joint venture	1,350	2,444
Impairment loss on property, plant and equipment	196,554	14,417
Impairment loss on investment properties	1,218	-
Impairment loss on intangible assets	560,812	-
Impairment of receivables	126,193	89,444
Provision for litigation loss	2,700	32,841
Loss on disposal in an associate	18,494	-
Gain on disposal of available-for-sale financial assets	-	(73,196)
Net unrealised foreign exchange loss/(gain)	<u>2,030</u>	<u>(4,626)</u>

17. Taxation

	Quarter Ended 31 December		Year to date Ended 31 December	
	2018	2017	2018	2017
Malaysian income tax				
Current financial period	25,928	(92,812)	(29,412)	(192,445)
Prior financial period/year	(7,183)	(5,117)	(7,239)	(1,843)
	<u>18,745</u>	<u>(97,929)</u>	<u>(36,651)</u>	<u>(194,288)</u>
Foreign income tax				
Current financial period/year	(3,100)	3,200	(5,715)	(3,742)
Deferred tax				
	<u>(111,170)</u>	<u>17,401</u>	<u>(58,203)</u>	<u>(2,098)</u>
	<u>(95,525)</u>	<u>(77,328)</u>	<u>(100,569)</u>	<u>(200,128)</u>

The effective tax rate for the financial year ended 31 December 2018 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.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

18. Borrowings

	As at 31 December 2018					
	Long term		Short term		Total borrowings	
	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent	Foreign currency	RM Equivalent
<u>Secured</u>						
Islamic term loans	-	985,182	-	212,254	-	1,197,436
Term loans	-	409	-	175	-	584
Islamic short term trade financing	-	-	-	670,000	-	670,000
Short term trade financing						
- United States Dollar	-	-	6,763	27,971	6,763	27,971
- Thai Baht	-	-	28,350	3,598	28,350	3,598
<u>Unsecured</u>						
Loan due to significant shareholder	-	1,074,045	-	85,058	-	1,159,103
Islamic term loans	-	5,915	-	113,953	-	119,868
Term loan						
- Chinese Yuan Renminbi	-	-	85,790	51,586	85,790	51,586
Islamic short term trade financing						
- Ringgit Malaysia	-	-	-	1,282,350	-	1,282,350
- United States Dollar	-	-	110,785	458,208	110,785	458,208
- Great Britain Pound	-	-	11,587	61,029	11,587	61,029
- Singapore Dollar	-	-	1,020	3,095	1,020	3,095
Short term trade financing	-	-	-	419,972	-	419,972
Total borrowings		2,065,551		3,389,249		5,454,800

Exchanges rates applied as at 31 December 2018

United States Dollar	4.1360
Thai Baht	12.6930
Great Britain Pound	5.2672
Singapore Dollar	3.0355
Chinese Yuan Renminbi	0.6013

As at 31 December 2018, 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.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

19. 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 2018 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
<u>Non-current</u>			
Islamic profit rate swap	479,167	561	-
<u>Current</u>			
Foreign currency forwards	116,912	3,706	630
Palm oil futures	97,460	-	6,915
	214,372	3,706	7,545
	693,539	4,267	7,545

20. 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 2017. 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 2018.

31 December 2018

	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	-	4,267	-	4,267
- Trading securities	46,055	-	-	46,055
	46,055	4,267	-	50,322
Financial assets at fair value through other comprehensive income	3,590	-	82,634	86,224
Total assets	49,645	4,267	82,634	136,546
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,328,008	4,328,008
- Derivatives	6,915	630	-	7,545
Total liabilities	6,915	630	4,328,008	4,335,553



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

20. 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 year ended <u>31 December 2018</u>	Financial year ended <u>31 December 2017</u>
<u>LLA liability</u>		
1 January	4,393,280	4,407,564
Fair value changes charged to profit or loss	233,379	292,845
Repayment during the financial period/year	(298,651)	(307,129)
31 December	<u>4,328,008</u>	<u>4,393,280</u>
<u>Financial assets through other comprehensive income / available for sale financial assets</u>		
1 January	69,880	247,543
Addition	31,425	10,585
Disposal	-	(126,206)
Fair value changes	(18,671)	-
Fair value losses transferred to available-for-sale reserves	-	(11,374)
Reclassification of reserve on derecognition of available-for-sale financial assets	-	(33,675)
31 December	<u>82,634</u>	<u>86,873</u>

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



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)

Amounts in RM thousand unless otherwise stated

21. Earnings Per Share

	Quarter ended 31 December		Year to date ended 31 December	
	2018	2017	2018	2017
Basic earnings per share are computed as follows:				
(Loss)/profit for the financial period/year attributable to owners of the Company (RM'000)	<u>(208,799)</u>	<u>50,441</u>	<u>(1,079,952)</u>	<u>130,928</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>(5.7)</u>	<u>1.4</u>	<u>(29.6)</u>	<u>3.6</u>

22. Status of Corporate Proposals

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

23. Significant Events

- (i) 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 Lipid Venture 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.
- (ii) On 14 May 2018, Felda Palm Industries Sdn Bhd, an indirect subsidiary of FGV entered into a sale and purchase agreement ("SPA") with Orient View Sdn Bhd for the proposed disposal of 30% of the issued share capital of Taiko Clay Chemicals Sdn Bhd for a cash consideration of RM145.0 million. On 23 August 2018, the disposal has completed in accordance with the terms and conditions of the SPA and the balance purchase price has been duly received, resulting in a loss on disposal of RM18.49 million.
- (iii) On 29 June 2018, the name of the Company has been changed from "Felda Global Ventures Holdings Berhad" to "FGV Holdings Berhad".
- (iv) On 27 August 2018, the Board of Directors announced that ProXcel Sdn Bhd ("ProXcel"), the indirect joint venture company of FGV, has been placed under members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. A liquidator has been appointed for ProXcel on the same day. The members' voluntary winding-up of ProXcel will not have any material impact on the net assets and earnings per share of FGV for the financial year ending 31 December 2018.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

23. Significant Events (continued)

- (v) On 5 July 2018, the Board had established a three member Special Board Committee (“SBC”) to monitor the performance of FGV closely; engage directly with the Group President/Chief Executive (“GP/CEO”) regularly on the progress of key result areas; ascertain the sufficiency of steps being taken and planned, for the attainment of such key result areas; and make such recommendations and give directions to the management where appropriate.

The three members of the SBC are FGV Chairman, Datuk Wira Azhar Abdul Hamid and Board members, Datuk Dr Salmiah Ahmad and Dr Nazeeb Alithambi.

- (vi) On 13 September 2018, a Notice of Inquiry has been issued to the GP/CEO of FGV, following the conclusion of internal investigations. Following the Notice of Inquiry, the GP/CEO's powers and authorities vested in him as the GP/CEO of FGV have been suspended pending further notification by the Board.

In the interim, the Special Board Committee 2 comprising of four (4) FGV Directors, namely its Chairman, Datuk Wira Azhar Abdul Hamid, Datuk Dr. Salmiah Ahmad, Dr. Mohamed Nazeeb P. Alithambi and Datin Hoi Lai Ping, has taken over the responsibilities to perform the functions of the GP/CEO of FGV.

- (vii) On 18 September 2018, Dato' Zakaria Arshad resigned as the Group GP/CEO of FGV, thus the suspension ended. The forensic investigation continue and is expected to be concluded by this year end.

- (viii) APL was acquired by FGVH in 2014 for cash consideration of RM568 million, resulted in goodwill on acquisition of RM513 million. At the date of acquisition, the fair value of net assets of APL included external borrowings of RM517 million assumed by FGVH group, which had been subsequently settled by FGVH on APL's behalf. The Board is of the view that effectively FGVH had paid a total of RM1,081 million for its investment in APL.

The goodwill which arose from the acquisition of APL had been assessed for impairment on an annual basis in accordance with MFRS 136 "Impairment" as part of the Palm Upstream group of cash generating units ("CGUs"), as this group of CGUs is expected to benefit from the synergies of the combination, which represented the lowest level within the Group at which goodwill was monitored. On this basis, the goodwill had been assessed as fully recoverable.

APL has been loss making since acquisition, despite efforts undertaken by management to improve its performance due to several challenges faced by APL in particular due to its geographical location, labour shortages and weather. APL had also suffered crop losses over the years, which require significant efforts to rehabilitate the estate assets. Due to lack of synergy derived since the acquisition of APL, management has decided to reorganize its reporting structure to review APL operations separately from the other Palm Upstream operations with effect from the quarter ended 30 September 2018. Accordingly, the goodwill on the acquisition of APL has been retained in APL.

Based on the impairment assessment performed subsequent to the reorganization of its reporting structure, an impairment loss of RM513 million has been recognized in the consolidated financial statements for the period ended 30 September 2018.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

23. Significant Events (continued)

- (ix) On 1 October 2018, FGV changed its registered address to Level 21, Wisma FGV, Jalan Raja Laut 50350 Kuala Lumpur.
- (x) On 12 October 2018, Encik Ahmad Tifli Dato' Haji Mohd Talha resigned as the Group Chief Financial Officer ("GCFO"). Puan Aznur Kama Azmir, Head of Group Finance Division has been appointed as the Acting GCFO of FGV on 18 October 2018.
- (xi) On 24 October 2018, Datuk Wira Azhar Abdul Hamid was appointed as an Interim Chief Executive Officer until a new Chief Executive Officer is appointed. This appointment on an interim basis has been concurred by the Minister of Finance (Incorporated). The Special Board Committee 2, which took over the responsibilities to perform the functions of the GP/CEO since 18 September 2018 was disbanded. His current role as Chairman of FGV Board remains unchanged.
- (xii) On 23 November 2018, the Board of Directors announced that the Company has commenced legal proceedings in Kuala Lumpur Court against 14 defendants consist of former Directors and Employees of FGV. The suit concerns the Company's acquisition of 100% equity interest in Asian Plantation Limited ("APL") via a voluntary conditional cash offer in 2014. The Company brought this action for loss suffered from their failure to discharge their respective fiduciary duty, duty of fidelity and/or duty to exercise reasonable care, skill and diligence.

The Company seeks the damages totalling RM514 million for loss arising from the acquisition of APL, general damages with 5% interest rate per annum starting from the date of the filing of the suit until the date of full and final settlement; costs with 5% interest rate per annum on the amount of costs awarded starting from the date when the costs was awarded until the date of full and final settlement as well as other reliefs that the Court deems fit and proper. The Company is currently assessing the financial impact arising from this litigation and will make a further announcement at a later date. However, there is no impact on existing operations.

24. Material events after reporting period

- (i) On 2 January 2019, Dato' Mohd Hairul Abdul Hamid has been appointed as Chief Financial Officer of FGV.
- (ii) On 23 January 2019, Dato' Haris Fadzilah Hassan has been appointed as a new Chief Executive Officer and his appointment has been concurred by the Minister of Finance (Incorporated). With the appointment of Dato' Haris Fadzilah Hassan as Chief Executive Officer, Datuk Wira Azhar Abdul Hamid has resigned as the Interim Chief Executive Officer.



FGV HOLDINGS BERHAD

(Formerly known as Felda Global Ventures Holdings Berhad)

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2018 (continued)
Amounts in RM thousand unless otherwise stated

24. Material events after reporting period (continued)

- (iii) On 12 February 2019, all Defendants to the suit filed by FGV on 23 November 2018 against its former members of the Board of Directors and former employees on the acquisition of APL (“Company suit”) have filed their respective Defences except for one, who is directed by the High Court to file his Defence on or before 4 March 2019.
- (iv) On 11 February 2019, certain Defendants to the Company suit have filed a counterclaim (“the Counterclaim”) against FGV and the current members of the Board of Directors of FGV (“Counterclaim Defendants”). The Counterclaim seeks reliefs, jointly and severally, against FGV and the Counterclaim Defendants for declaration that FGV and the Counterclaim Defendants are 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 FGV and Counterclaim Defendants. The Company’s solicitors are in the process of reviewing the Counterclaim and advising FGV on the same.

25. Prospects

Crude Palm Oil price in 2019 will be driven by several factors, including increasing exports to key markets, reducing inventory levels and lower production forecasts. Domestic consumption will be given a slight boost with the B10 biodiesel mandate, which will increase with 2020’s B20 mandate. Indonesia’s more aggressive uptake of palm oil should bode well for prices as well, with projected consumption increase.

The Group’s FFB production is expected to improve in 2019 as various measures under its Transformation Plan kick in and start bearing fruit. Among these measures are comprehensive process improvement initiatives and a group wide review of procurement processes.

With key members of the management team in place, efforts are underway to drive a performance centric culture, focused on growth and delivering value.

By Order of the Board

Koo Shuang Yen
Company Secretary

28 February 2019