EVOLVE

ANNUAL INTEGRATED REPORT 2017

"

FOR A PROGRESSIVE FUTURE

Striving for continuous improvement is a crucial element that sustains the core of who we are.

Our progressive assessment and improvement of all our business practices serve the two-pronged objectives of maximising our effectiveness in responding to developments in our operating environment, whilst minimising the environmental impact of our operations. The comprehensive materiality assessment we undertook in the year under review was just one of various examples of our overarching desire to be attuned to our Stakeholders' concerns.

Indeed, this unstinting evolution in the way we do things demonstrates our openness to change to better take on the opportunities and challenges presented by internal factors and dynamic market realities.

The prominent double-helix structure of the DNA molecule, forming the trunk of an oil palm tree in our cover design, encapsulates the centrality of our organisation's readiness to progressively evolve and adapt to our operating landscape, so that the value we create is not simply maximised, but also sustainable for the welfare of our future generations.

"

INSIDE THIS REPORT

ABOUT THIS REPORT

This Annual Integrated Report (AIR) for the year ended 31 December 2017 is a tangible representation of our leadership's sure and steadfast stance in integrating our Group's strategy development with good business management and reporting practices. This helps to ensure that our resources are put to good use to maximise our creation and delivery of value.

Our integrated approach to business management, guided by our Strategic Plan (SP20 (V2)), means that the interests and concerns of our key Stakeholders and our responses to these are discussed at the appropriate junctures throughout our report.

This AIR provides our Stakeholders with pertinent information about our medium and long-term strategic directions, thus making them suitably equipped to make informed decisions about the health of our business operations. To do this, we follow closely the International Integrated Reporting Council's (IIRC) Framework. We also strive to align our reporting processes and publications with the reporting requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017), Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

www.sc.com.my
www.bursamalaysia.com
www.globalreporting.org

OUR REPORTING SCOPE AND BOUNDARIES

This AIR seeks to present comprehensive and detailed information on the performance of the value-creating activities within our reporting boundaries.

In setting our reporting boundaries, we have considered impacts, which resulted from operations within our Group's structure and its associated companies as well as from outside the organisation. While we seek to establish consistent boundaries for reporting across all of our business performance metrics, we do report on developments, impacts and data outside our reporting boundaries should these be highly material to our business performance. In the context of this AIR, "outside of the organisation" refers to our suppliers, where we do not own the assets and do not directly engage or employ workers, and where we do not operate the assets under a contractual obligation. "Within the organisation", on the other hand, means all operations and entities which our Group has a controlling interest in and which are under our management, in terms of a contractual obligation.

The information in this AIR covers the 2017 financial year (1 January 2017 to 31 December 2017) and encompasses all business operations of Felda Global Ventures Holdings Berhad (FGV), which includes operations over which we have full control, as well as all subsidiaries and leased facilities unless stated otherwise. All significant items have been reported on a like-for-like basis; no major restatements were performed. This AIR should be read together with the information available on our website www.feldaglobal.com for a comprehensive overview of the Group.

www.feldaglobal.com

HOW WE DETERMINE MATERIALITY

We take proactive steps to ensure our AIR provides a balanced, accurate and comprehensive assessment of our strategy, performance and prospects in response to material matters in the financial, social, economic, governance and environmental spheres.

We have in the year under review conducted a Materiality Assessment with the assistance of independent consultants (this is the second assessment of this nature after the first one conducted in 2015).

This assessment engaged internal and external Stakeholders to solicit feedback on our Group's material matters, and involved a review of our Materiality Matrix to identify factors impacting our delivery of value. Additionally, the issues and developments covered in this AIR were determined by a range of considerations, such as quantitative and qualitative considerations, matters that could impact our ability to achieve our strategic objectives and remain sustainable, issues discussed in reports presented to our Board of Directors, risks reported and our key Stakeholders' interests. Other factors with material impact on the socioeconomic landscape of the countries and regions in which we do business were also considered.

An update to the Materiality Matrix is disclosed in the section 'Assessing Our Material Matters' on pages 13-15.

HOW WE UPHOLD REPORTING QUALITY

Our Group adheres to the principles of good governance, such as ensuring the reliability and completeness of the information presented in this AIR.

This AIR was reviewed by Reporting Committee (RC) members endorsed by the Board to ensure that it complies with the IIRC Framework, adequately presents the material matters that impact the Group and fairly represents our Group's integrated performance and how it compares with our SP20 (V2) aspirations. Together with the annual financial statements, this report was submitted to the Audit Committee (AC) to review and recommend to the Board for approval. The Board then gave the final approval for this AIR.

In addition, the external auditors continue to support our assurance and approval objectives by providing external assurance on our financial statements. The external auditors have read the other information and in doing so, considered whether the other information is materially inconsistent with the financial statements of the Group or their knowledge obtained in the audit, or otherwise appears to be materially misstated. The external auditors also provided limited assurance review on our Statement on Risk Management and Internal Control (SORMIC).

HOW WE CAN FURTHER IMPROVE

Our Group believes in maintaining meaningful and frequent discourses with our Stakeholders throughout the year. Such engagements not only serve to build trust, but also improve the effectiveness of our strategy development with timely and relevant adjustments as required in response to new developments in our operating environment.

As such, we greatly value feedback and would welcome your enquiries on our reporting. Please contact our Investor Relations team at:

03-2859 0000

fgv.investors@feldaglobal.com

NAVIGATIONAL ICONS FOR CAPITAL REPORTING

We aim to produce a report that is interactive, engaging and easy to understand. To help you navigate around our AIR, we use the following navigational icons to highlight our reporting of the six capitals of value creation, as described in the IIRC Framework, as well as the material matters that impact our value-creation process:

6 CAPITALS

- **People**
- **Social and Relationship**
- **Natural**
- **Financial**
- **Manufactured**
- **Know-How**

MATERIAL MATTERS

- YI **Yield Improvement**
- EP **Economic Performance**
- GE **Governance, Ethics & Integrity**
- EC **Effective Communications**
- HR **Human Rights**

OUR USE OF FORWARD-LOOKING STATEMENTS

Throughout this AIR, we have used forward-looking statements that relate to the plans, objectives, goals, strategies, future operations and performance of our Group. Such statements usually contain words like 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should', 'would' and 'will', amongst others. We do not intend for these statements to be guarantees of future operating, financial or other results, as they involve risks, uncertainties and assumptions in their representation of various possible scenarios. As such, actual results and outcomes could differ significantly from those expressed or implied. Our Group makes no express or implied representation or warranty that the results anticipated by these forward-looking statements will be achieved. We are under no obligation to update either these forward-looking statements or the historical information presented in this AIR.

WHO WE ARE

VISION

To be among the World's Leading Integrated and Sustainable Agribusiness that Delivers Value to Customers and Stakeholders especially the Smallholders

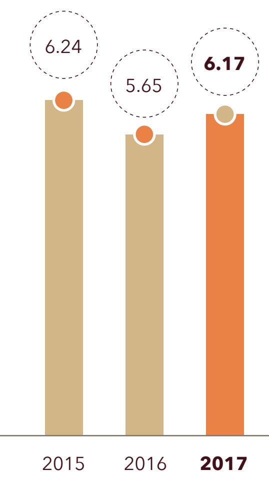
MISSION

To be a Global Leader by:

- Creating value through our human capital
- Championing our locally invested culture
- Building an integrated value chain advantage
- Cultivating diversification in commodities and geography

OUR MARKET CAPITALISATION STANDS AT

RM6.17 BILLION

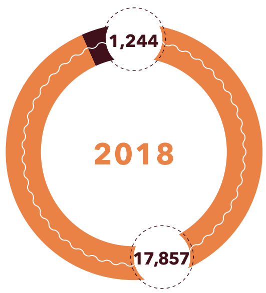


WE OPERATE IN

11 COUNTRIES

including Indonesia, Pakistan, China and USA with

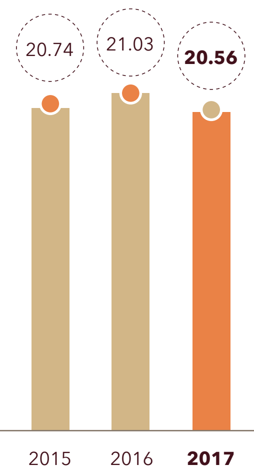
19,101 TOTAL EMPLOYEES



FGV
MSM

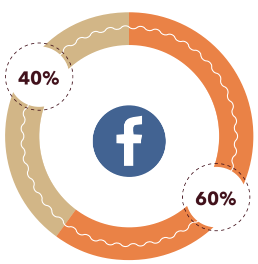
TOTAL ASSETS

RM20.56 BILLION



WE ARE ACTIVE ON DIGITAL PLATFORMS as at 20 March 2018

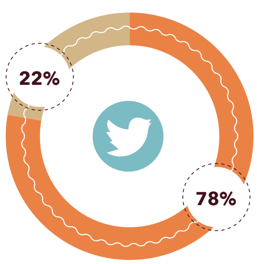
Facebook



25,763 followers

- Male
- Female

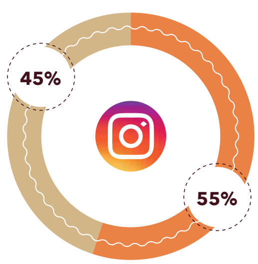
Twitter



817 followers

- Male
- Female

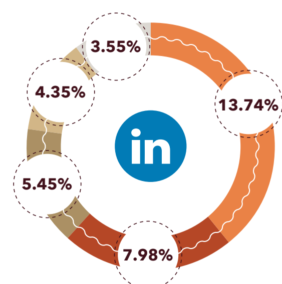
Instagram



1,080 followers

- Male
- Female

LinkedIn



4,406 followers

- Farming
- Information Technology and Services
- Oil & Energy
- Marketing and Advertising
- Financial Services

OUR BUSINESSES ARE ORGANISED INTO THREE SECTORS:

Plantation Sector

PALM UPSTREAM

TOTAL LANDBANK
440,577
HECTARES
in Malaysia and Indonesia
(inclusive of rubber)

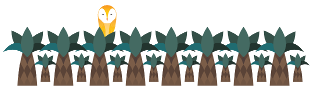
Supported by
69 **MILLS**

producing **2.99**
MILLION MT OF CRUDE PALM OIL

PALM DOWNSTREAM

TOTAL DOMESTIC MARKET SHARE OF
35%
in the cooking oil segment through our flagship brand, SAJI

10
refineries around the world, including joint ventures



RESEARCH & DEVELOPMENT AND AGRI-SERVICES

Producer of award-winning planting material **YANGAMBI** with
42% **MARKET SHARE**

Launched
TWO PRODUCTS
for commercialisation:
PLANTgerminus™
and EZgrow™

More information on pages 36-45

Sugar Sector

SUGAR

MALAYSIA'S LEADING
refined sugar producer with
58% **DOMESTIC MARKET SHARE**

Annual production capacity of
1.25
MILLION MT

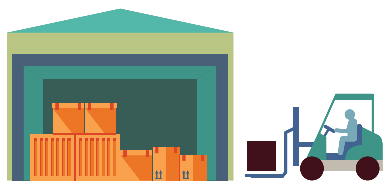
More information on pages 46-51

Logistics and Support Businesses Sector

LOGISTICS

One of the world's largest edible oil storage facilities with a total capacity of
954,900 **MT**

433 liquid and cargo tankers,
3 warehouses and
2 jetty operations

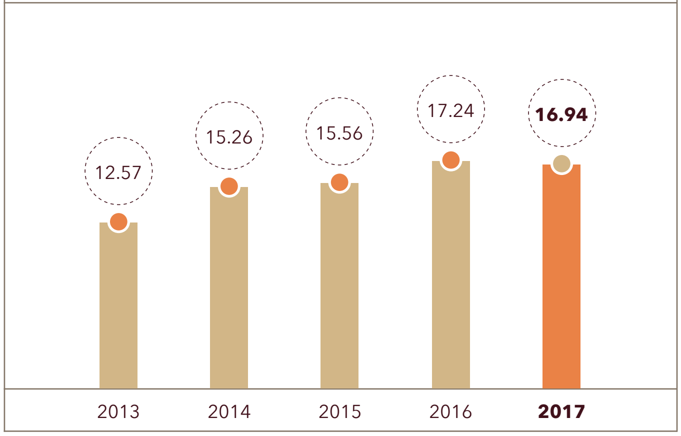


We manage approximately
30%
of Malaysia's total palm oil exports

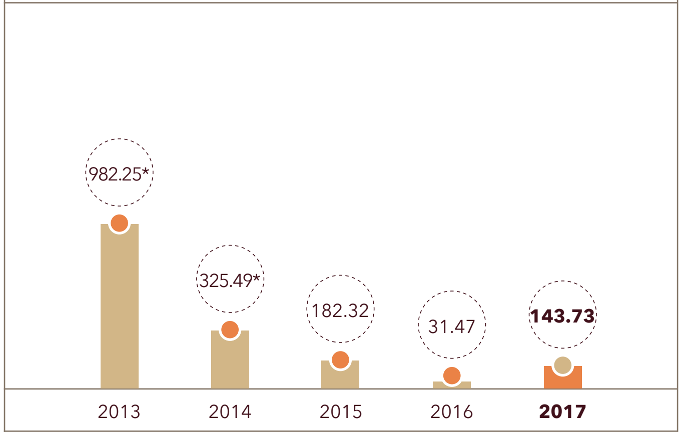
More information on pages 52-56

HOW WE PERFORMED IN THE PAST FIVE YEARS

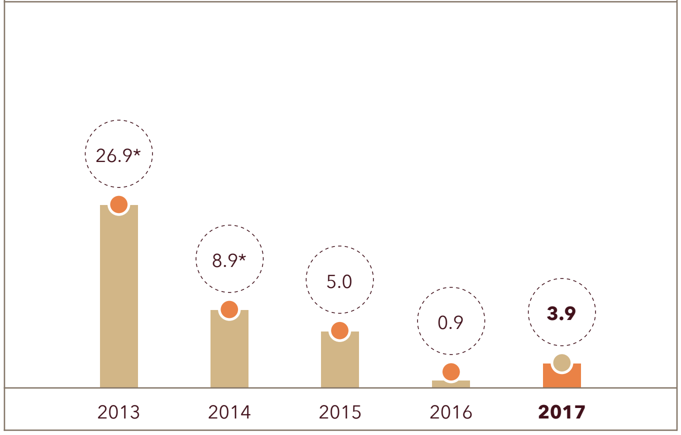
REVENUE
(RM Billion)



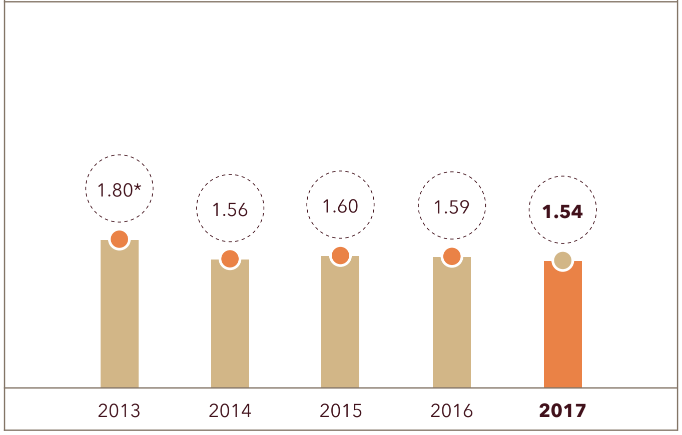
PROFIT AFTER TAX AND MINORITY INTERESTS
(RM Million)



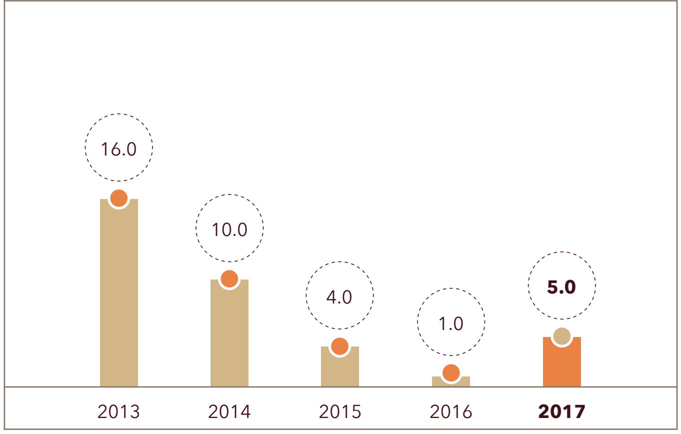
EARNINGS PER SHARE
(Sen)



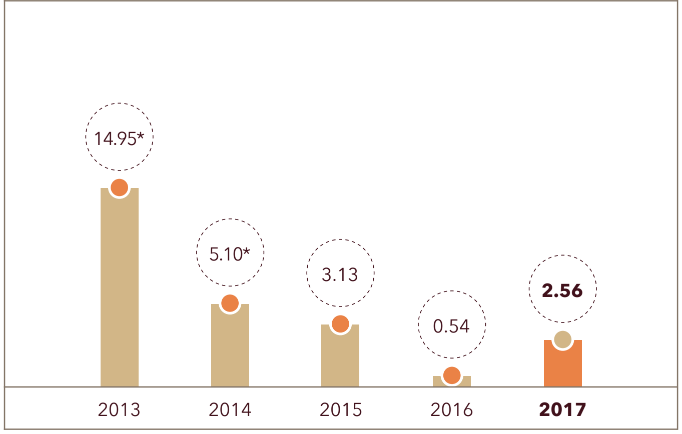
NET ASSETS PER SHARE
(RM)



TOTAL DIVIDEND PER SHARE
(Sen)



RETURN ON SHAREHOLDERS' FUNDS
(%)



** The comparatives have not been restated for the change in accounting policy for bearer plants.*

OUR CORPORATE DETAILS

BOARD OF DIRECTORS

Datuk Wira Azhar Abdul Hamid
Chairman, Non-Independent Non-Executive Director
(Appointed on 8 September 2017)

Dato' Zakaria Arshad
Group President/Chief Executive Officer,
Non-Independent Executive Director

Datuk Siti Zauyah Md Desa
Non-Independent Non-Executive Director

Dato' Sri Abu Bakar Harun
Non-Independent Non-Executive Director
(Appointed on 12 July 2017)

Dato' Ab Ghani Mohd Ali
Non-Independent Non-Executive Director
(Appointed on 12 July 2017)

Datuk Muzzammil Mohd Nor
Alternate Director to Dato' Ab Ghani Mohd Ali
(Appointed on 12 July 2017)

Dato' Yahaya Abd Jabar
Senior Independent Non-Executive Director

Dato' Mohamed Suffian Awang
Independent Non-Executive Director

Datuk Dr. Salmiah Ahmad
Independent Non-Executive Director
(Appointed on 31 October 2017)

Dr. Mohamed Nazeeb P.Alithambi
Independent Non-Executive Director
(Appointed on 31 October 2017)

Datuk Mohd Anwar Yahya
Independent Non-Executive Director
(Appointed on 23 November 2017)

Dr. Nesadurai Kalanithi
Independent Non-Executive Director
(Appointed on 1 January 2018)

Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
Chairman, Non-Independent Non-Executive Director
(Resigned on 19 June 2017)

Datuk Noor Ehsanuddin Mohd Harun Narrashid
Independent Non-Executive Director
(Resigned on 24 August 2017)

Dato' Mohd Zafer Mohd Hashim
Independent Non-Executive Director
(Resigned on 31 October 2017)

Datuk Dr. Omar Salim
Non-Independent Non-Executive Director
(Resigned on 23 November 2017)

Tan Sri Dr. Sulaiman Mahbob
Independent Non-Executive Director
(Resigned on 1 March 2018)

COMPANY SECRETARIES

Koo Shuang Yen
(MIA 7556)

Abd Rashid Atan
(MIA 18390)
(Resigned on 31 December 2017)

AUDITORS

Messrs. PricewaterhouseCoopers PLT
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288
Website : www.pwc.com/my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel (Help Desk) : +603 7849 0777
Fax : +603 7841 8151/8152
E-mail : ssr.helpdesk@symphony.com.my

INVESTOR RELATIONS AND ENQUIRIES

Head of Investor Relations
Investor Relations and Enquiries
Felda Global Ventures Holdings Berhad
Level 45, Menara Felda
Platinum Park
No. 11, Persiaran KLCC
50088 Kuala Lumpur
Malaysia
Tel : +603 2859 0000
Fax : +603 2859 0016
Website : www.feldaglobal.com
E-mail : fgv.investors@feldaglobal.com

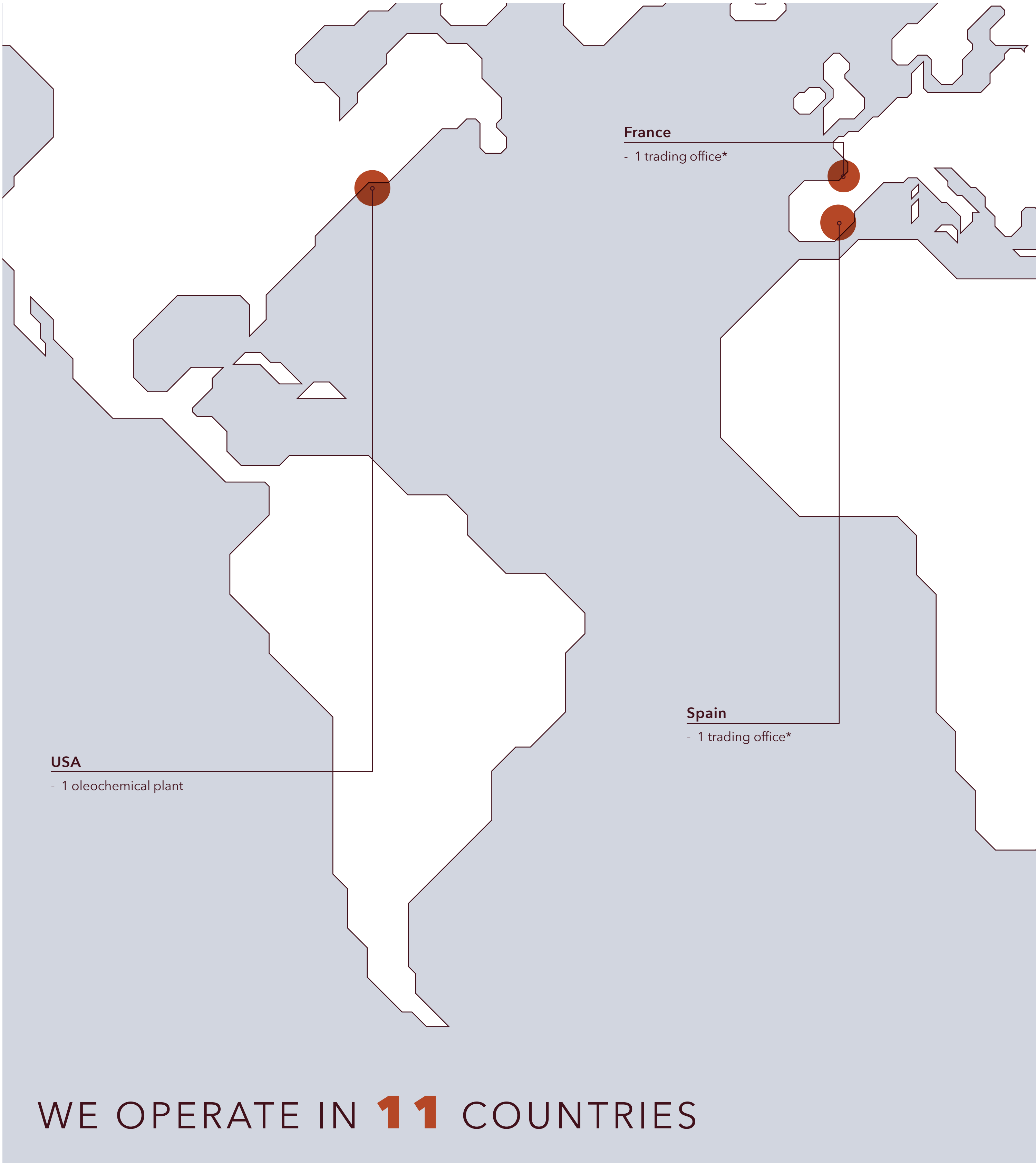
REGISTERED OFFICE

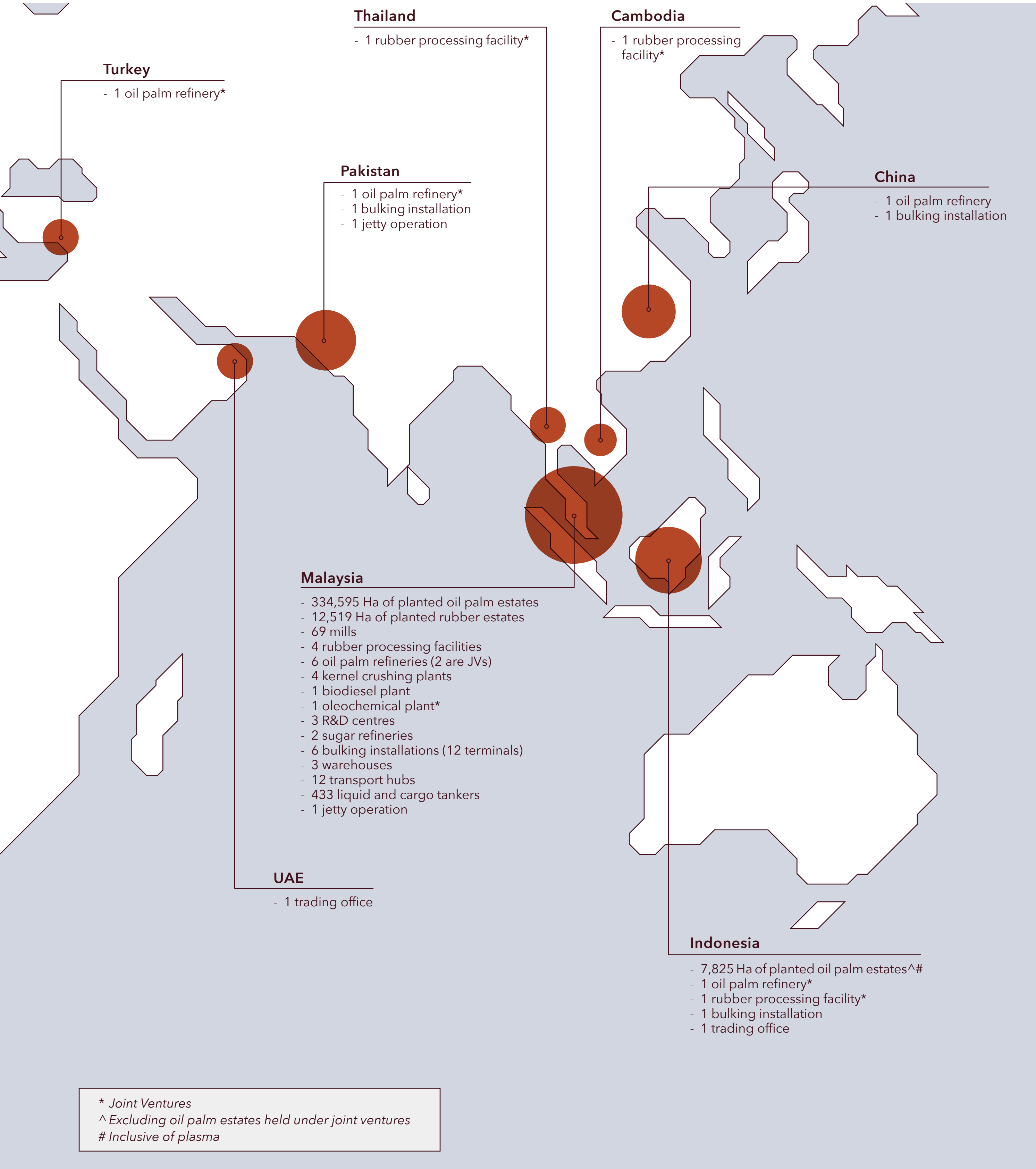
Level 45, Menara Felda
Platinum Park
No. 11, Persiaran KLCC
50088 Kuala Lumpur
Malaysia
Tel : +603 2859 0000
Fax : +603 2859 0016

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Listed since 28 June 2012
Stock Code: 5222

OUR GLOBAL PRESENCE




Thailand
- 1 rubber processing facility*
Cambodia
- 1 rubber processing facility*
Turkey
- 1 oil palm refinery*
Pakistan
- 1 oil palm refinery*
- 1 bulking installation
- 1 jetty operation
China
- 1 oil palm refinery
- 1 bulking installation
Malaysia
- 334,595 Ha of planted oil palm estates
- 12,519 Ha of planted rubber estates
- 69 mills
- 4 rubber processing facilities
- 6 oil palm refineries (2 are JVs)
- 4 kernel crushing plants
- 1 biodiesel plant
- 1 oleochemical plant*
- 3 R&D centres
- 2 sugar refineries
- 6 bulking installations (12 terminals)
- 3 warehouses
- 12 transport hubs
- 433 liquid and cargo tankers
- 1 jetty operation
UAE
- 1 trading office
Indonesia
- 7,825 Ha of planted oil palm estates^#
- 1 oil palm refinery*
- 1 rubber processing facility*
- 1 bulking installation
- 1 trading office
* Joint Ventures
^ Excluding oil palm estates held under joint ventures
# Inclusive of plasma

CREATING VALUE

OUR MARKET LANDSCAPE

MACROECONOMIC OUTLOOK IN 2018

Regulatory Changes/Pressures

INDIA
Substantial tax imposed for imported palm oil products

EU
Call for palm oil ban in biofuel

USA
Trump's protectionist policies

Global Macroeconomic Climate

Global economic growth settled at 3.7% for 2017 and would likely be marginally lower at 3.6% in 2018, dragged by the slowdown in China, Japan and the EU. ASEAN market growth is expected to be marginally positive due to urbanisation and increasing consumer spending.

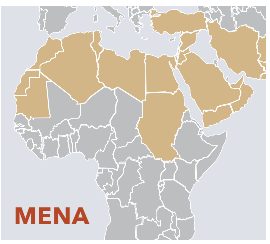
2017: 6.8%
2018: 6.5%

2017: 1.6%
2018: 1.0%

2017: 5.2%
2018: 5.0%

2017: 5.0%
2018: 5.1%

2017: 7.0%
2018: 7.4%

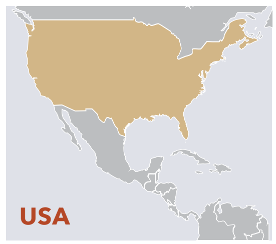


2017: 2.6%
2018: 3.1%

2017: 2.4%
2018: 2.0%

2017: 2.3%
2018: 3.0%

2017: 1.2%
2018: 2.2%



2017: 2.2%
2018: 2.2%

EU
- Steady growth but under pressure due to weak productivity, ageing population and in some countries, high debt

USA
- The US settles at new normal of 2% while Eurozone is not far behind
- Political risk is high

ASEAN
- Increasing consumer spending in Vietnam and the Philippines
- Rapid urbanisation in Indonesia and Thailand

CHINA
- China's economy will slow down, led by significant reduction in the property and industrial sectors

INDIA & MENA*
- India facing demonetisation and GST impact
- MENA* – Successful implementation of OPEC oil cut deal shoring up oil market and economic outlook

MALAYSIA
- Slight dip in growth (0.2%), though still one of the highest in the ASEAN region; attributed to decline in oil and other commodity prices

Sources:
The Economist, World Bank, Asian Development Bank, IMF, Focus Economics

**Middle East & North Africa*

GLOBAL ECONOMIC ACTIVITY

Global economic activity continues to gain traction. The growth momentum has improved from 3.2% in 2016 to 3.7% in 2017 and further projected to hit 3.6% in 2018, supported by a benign global financial environment and advanced economic recovery. Major advanced economies like the US, the EU and Japan demonstrate broad-based growth pickup, whilst China and other parts of emerging Asia remain strong. Nevertheless, growth is still sub-par in various countries whilst inflation remains below target in the majority of the developed world, with commodity exporters (particularly fuel) under pressure due to the continued decline in their foreign earnings.

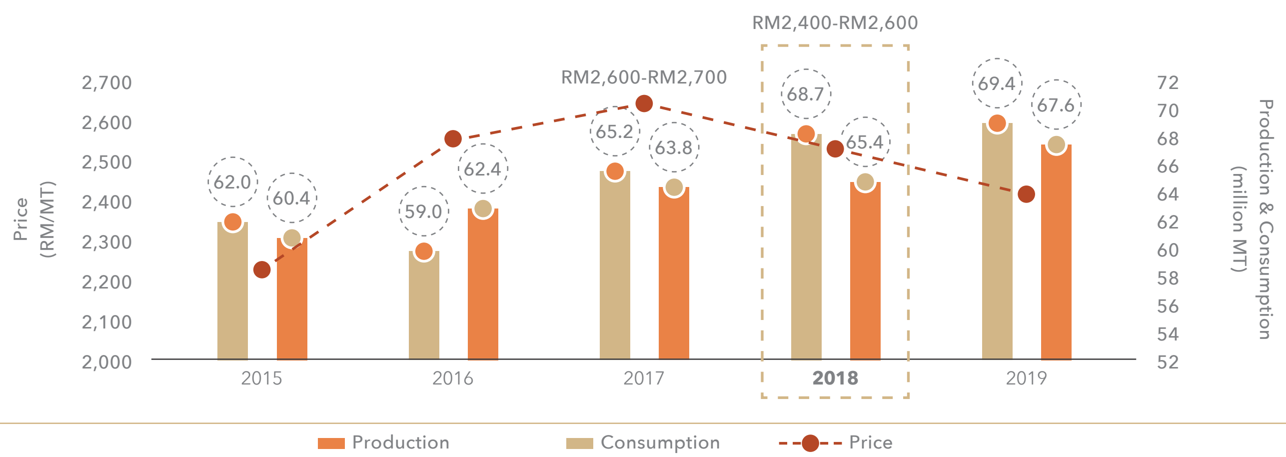
In the short-term, recovery would be underpinned by strong consumer and business confidence amid benign financial conditions. However, medium-term risks to growth are tilted to the downside by potential hazards such as a quicker and more extensive tightening of financial conditions, growing protectionism that could intensify capital outflow pressures on emerging markets, as well as geopolitical tensions and extreme weather events, amongst others.

INDUSTRY OUTLOOK IN 2018

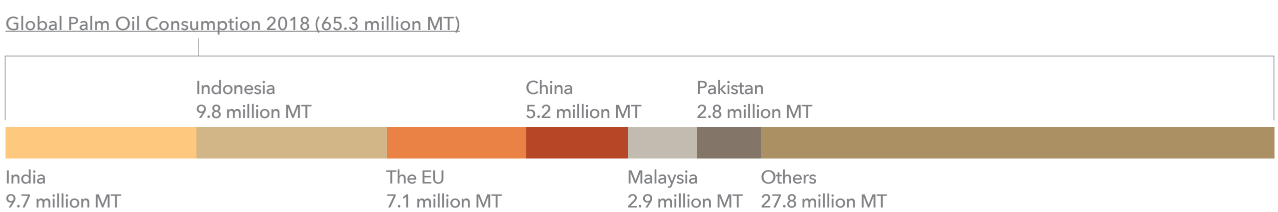
Palm Oil Sector

Global palm oil production is expected to rise by 5% to 68.70 million MT in 2018 while consumption is expected to increase by 3%. Although factors like La Nina and soybean demand from China may hinder the growth outlook, higher consumption from India, Indonesia, Pakistan and MENA is expected to mitigate the effect.

Global Palm Oil Production vs. Consumption & CPO Price



2018 Global Palm Oil Consumption (by Geography)



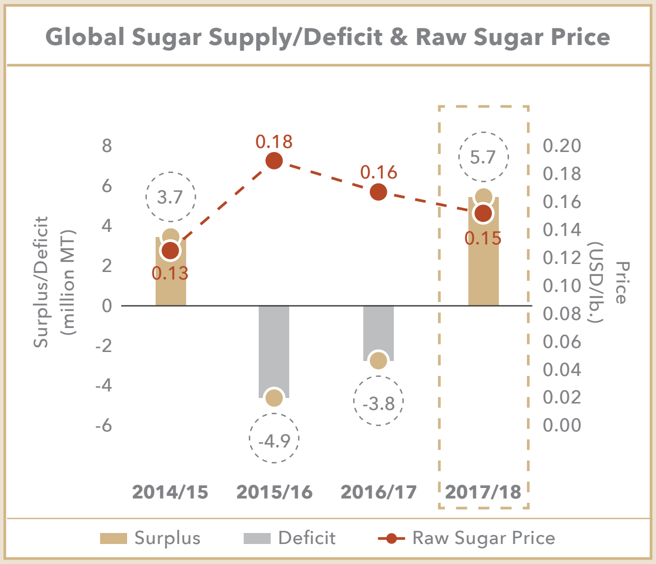
Sources:
The Economist, Ganling, MIDF, LMC International, Godrej, The Edge Markets

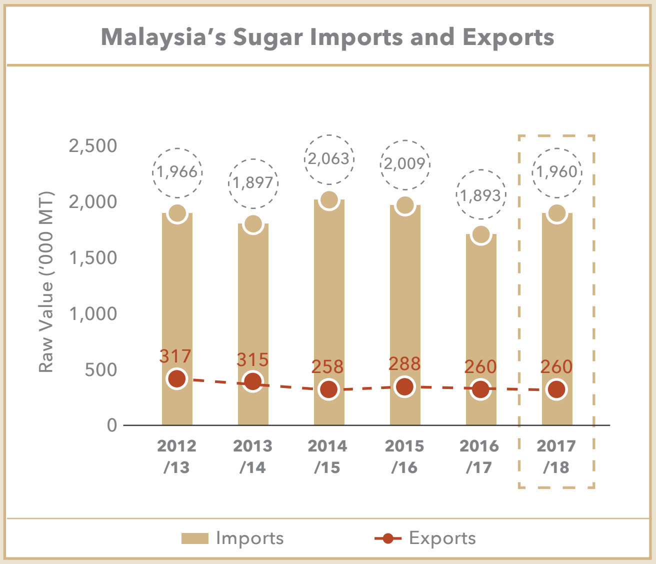
CREATING VALUE

INDUSTRY OUTLOOK FOR 2018

Sugar Sector

Global sugar production is forecasted to increase by 6.80% in 2017/18 to 179.2 million MT (recovery seen in Brazil, China, India, the EU and Thailand), hence raw sugar price is expected to decrease to USD0.15 per lb. in 2018 vs USD0.16 per lb. in 2017. Weather-related shocks in producing countries continue to pose the most significant risk to prices and hence refining margins.





Sources:
USDA, The Economist, International Sugar Agreement (ISA) daily average, MSM Holdings

Logistics & Support Businesses

E-Commerce and digitalisation, such as the recent launch of Malaysia's Digital Free Trade Zone (DFTZ), are some of the key drivers expected to transform the logistics industry in Malaysia, in conjunction with the various public transportation and infrastructure projects as highlighted in the 2018 National Budget which are expected to kick-off soon.

DIGITAL FREE TRADE ZONE
by 2025

SME Goods Exports:
USD38 billion

Employment Opportunities:
60,000 jobs

BUDGET 2018

URBAN
- RM32 billion MRT2
- MRT3 or Circle Line
- LRT3

RURAL
- East Coast Rail Link (ECRL)
- RM230 million Central Spine – Raub, Bentong, Gua Musang, Kg Relong

INTERNATIONAL
- High-Speed Rail (HSR) project connecting Kuala Lumpur & Singapore
- Upgrade of international airports

Sources:
2018 National Budget, DFTZ Malaysia, Logistics and Trade Facilitation Master Plan

OUR APPROACH

FGV aims to present a holistic and accurate view of our strategic thinking and responses to the issues in our operating landscape. These issues are significant to our Stakeholders and may impact our long-term value creation.

In 2017, we engaged an independent consultant to perform the materiality assessment exercise. This exercise provided independent insights that helped us to validate the issues that we have identified, whilst uncovering new matters of significance to our Stakeholders and our business. Several factors were taken into account in identifying these material matters, including:

- The material matters of 2016;
- Issues highlighted by our key Stakeholders in previous engagements;
- Significant issues discussed during our Board meetings;
- The most significant risks highlighted in our risk register; and
- Issues relating to global megatrends and Sustainable Development Goals (SDG).

The above formed the first step in this four-part process:

Identify

Identify Material Matters

We performed a preliminary round of interviews and engagements, studied our risk register listings, industry research publications and other factors that should be considered in determining issues of significance. This served to achieve a balance between consistency and the injection of new perspectives into the process.

Interview

Interview Key Stakeholders

A total of 57 interviews were conducted with key internal and external Stakeholders, where they ranked the identified issues according to how important they were to the Stakeholders. This gave us a better understanding of their concerns and perspectives, whilst unearthing several new material matters.

Develop

Develop Materiality Matrix

Stakeholders' rankings were then collated and presented in the matrix shown on page 14. These issues were also mapped to our corporate sustainability pillars (Economic, Environment, Social); in line with the holistic approach we take to the formulation of our business strategies.

Validate

Validation Materiality Matrix

The matrix was then reviewed and validated by senior management personnel to check for completeness and ensure all angles have been covered.

ASSESSING OUR MATERIAL MATTERS

STAKEHOLDER ENGAGEMENT

As we create value amidst challenging conditions, we take pride in the close relationships that we have established with our internal and external Stakeholders. We engage actively with our Stakeholders, not only to create transparent communications, but also to better understand their concerns and interests as we strive to improve our value creation and delivery processes. These efforts have and continue to foster mutual understanding and trust that go a long way in entrenching the FGV brand in the public consciousness.

Our Stakeholders universe is wide and diverse:

STAKEHOLDER	DESCRIPTION
Employees	Our employees possess the technical expertise and experience to drive our business operations.
FELDA Settlers	Comprising over 112,000 settlers' families that benefit from plantation income through FELDA. Our profitability benefits FELDA and consequently, the settlers.
Investors	Our shareholders provide the financial capital to operate and grow our business.
Customers and JV Partners	Our customers and JV Partners create the demand for our products and services.
Government	The Government facilitates the running of our business by providing infrastructure and other means of support.
Suppliers	Our suppliers provide the materials that we need to produce our goods and services.
NGOs	NGOs help keep us abreast of socioeconomic developments that can impact our business.
Regulatory Bodies	Regulatory bodies help keep our operations in compliance with regulations and guidelines that protect other Stakeholders interests.

AN OVERVIEW OF OUR MATERIAL MATTERS

The significant issues that could impact our ability to create value are presented in the matrix below. The issues in the top-right quadrant are most important to our Stakeholders and business, and as such will be focused on throughout this AIR.

The top five material matters for 2017 are:

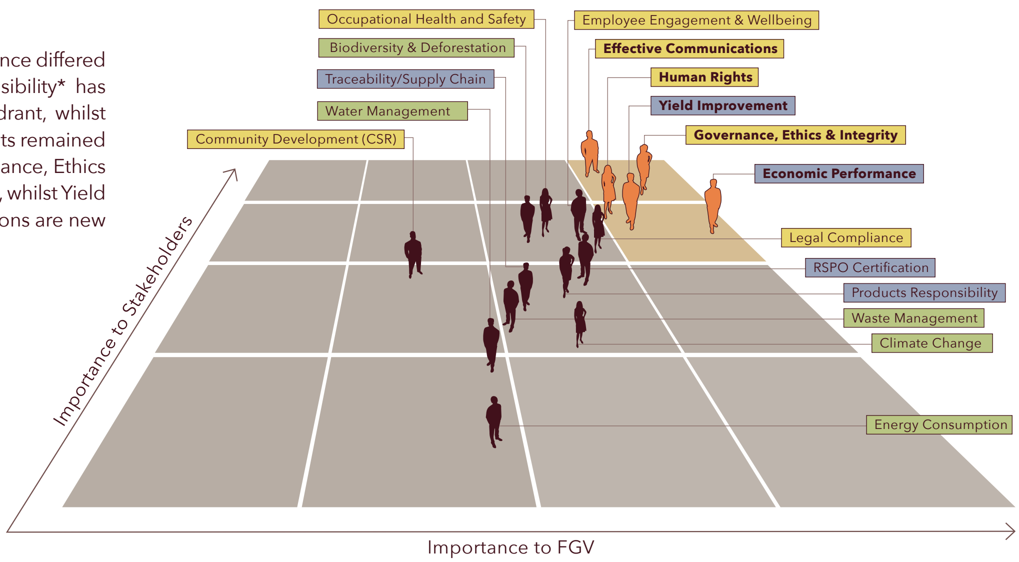
- **Yield Improvement**
- **Economic Performance**
- **Governance, Ethics & Integrity**
- **Effective Communications**
- **Human Rights**

These issues' respective levels of importance differed somewhat from 2016: Products Responsibility* has been pushed down to the middle quadrant, whilst Economic Performance* and Human Rights remained topmost on Stakeholders' minds. Governance, Ethics & Integrity rose from the middle quadrant, whilst Yield Improvement and Effective Communications are new material matters identified in 2017.

Legend:

Economic 5
Environment 5
Social 7

** Renamed Products Responsibility and Economic Performance (from Products and Services and Economic Impact as reported in 2016) to fit with the description.*



ASSESSING OUR MATERIAL MATTERS

MEANS OF ENGAGEMENT	SIGNIFICANT MATERIAL MATTERS
• Townhalls • Team meetings • Surveys • Company intranet • Newsletters	• Employee Engagement & Wellbeing • Occupational Health & Safety • Effective Communications
• Monthly management meetings with FELDA scheme managers • RSPO certification assessments • Industry awareness trainings	• Community Development • Economic Performance • Effective Communications
• Quarterly and annual reports • Briefings • Roadshows • Website and social media updates	• Yield Improvement • Economic Performance • Governance, Ethics & Integrity
• Roadshows • Surveys • Engagement meetings	• RSPO Certification • Effective Communications • Traceability/Supply Chain
• Conferences • Engagement meetings • Dialogues	• Biodiversity & Deforestation Management • Governance, Ethics & Integrity • Human Rights
• Engagement meetings • Integrity assessments and training programmes	• Effective Communications • Economic Performance • Traceability/Supply Chain
• Dialogues • CSR activities and consultations	• Biodiversity & Deforestation Management • Traceability/Supply Chain • Human Rights
• Engagement meetings • Site inspections	• Occupational Health & Safety • Human Rights • Legal Compliance

OUR VALUE CREATION MODEL, SHAPED BY MATERIAL MATTERS

OUR STRATEGY

Our Vision

To be among the World's Leading Integrated and Sustainable Agribusiness that Delivers Value to Customers and Stakeholders especially the Smallholders

Our Targeted Value Propositions From SP20

Best-in-Class Operations
We aim to establish a sustainable future for our Stakeholders by focusing on our core businesses and utilising our key assets efficiently.

Strong Financial Management
We endeavour to create a strong financial environment that is resilient to internal and external challenges through prudent and optimised measures to maximise Stakeholders return.

Well-Entrenched Governance and Ethics
We strive to build a solid foundation for our business through good governance and ethical practices.

Strong Sustainability and Social Responsibility Orientation
We work closely with our people, customers and suppliers to lead the way in maximising resources without compromising on economic, environmental and social considerations.

Strategic Thrusts

- Operational Excellence
- Growth Through Portfolio Balancing
- Moving Down Value Chain
- Optimise Financial & Human Capital

Core Values

The core values embedded throughout our business operations to achieve the above value propositions are:

Partnership | Respect | Integrity | Dynamism | Enthusiasm

INPUTS

Capitals We Use to Create Value

People

The collective knowledge, abilities, intelligence and experience of our people that are instrumental for our production and delivery of value.

No. of Employees **19,101** 85% 15%

Social and Relationship

The knowledge, commitments and values shared with our external Stakeholders that uphold our reputation and trust in the marketplace.

RSPO membership commenced in **2016**
Active engagements with local and international NGOs

3 multiparty conservation initiatives:
- Borneo Conservation Trust (BCT) & Sabah Wildlife Department (SWD)
- The Sun Bear Conservation Project (SBCP)
- Rafflesia Conservation & Interpretive Centre (RCIC)

Natural

The natural resources within our control from which we produce our goods and services.

Total landbank **440,577 Ha**

Plantable area **350,902 Ha** (Oil palm); **12,783 Ha** (Rubber); **1,795 Ha** (Others)

Financial

The monetary assets we use to produce our goods and services.

Shareholder Equity **RM5.61 billion** Total Assets **RM20.56 billion** Cash **RM1.69 billion**

Manufactured

The tools, buildings and infrastructure that contribute to our production of goods and services.

69 Mills
10 CPO refineries globally (including JVs)
2 Sugar refineries
15 Bulking installations (liquid and dry storage terminals)

Know-How

The value of our collective knowledge, training and proprietary information that determine our competitiveness as a going concern.

Award-winning planting material **YANGAMBI**
3 R&D centres

TOP 5 MATERIAL MATTERS

Stakeholders Concerns Impacting Our Creation of Value

YI
Yield Improvement
Continually improving yield to reduce pressure on new land development without intensifying the use of chemical pesticides and fertilisers through enhancing operational efficiencies and innovation.

EP
Economic Performance
Managing profitability, revenue growth and balance sheet as well as generating sustainable economic value and creating wealth for Stakeholders.

GE
Governance, Ethics & Integrity
Organisational values, principles, standards and norms, such as code of conduct and ethics and commitment to integrity that have been developed, approved and implemented.

Also includes the governance structure and practices in place to manage the organisation.

EC
Effective Communications
Delivering accurate and updated information through the right channels to strengthen communications between FGV and our Stakeholders.

HR
Human Rights
Ensuring working conditions are non-exploitative by implementing human rights frameworks, such as the Universal Declaration on Human Rights (UDHR) and the International Labour Organisation (ILO) Core Conventions.

OUR BUSINESS ACTIVITIES THAT CREATE VALUE

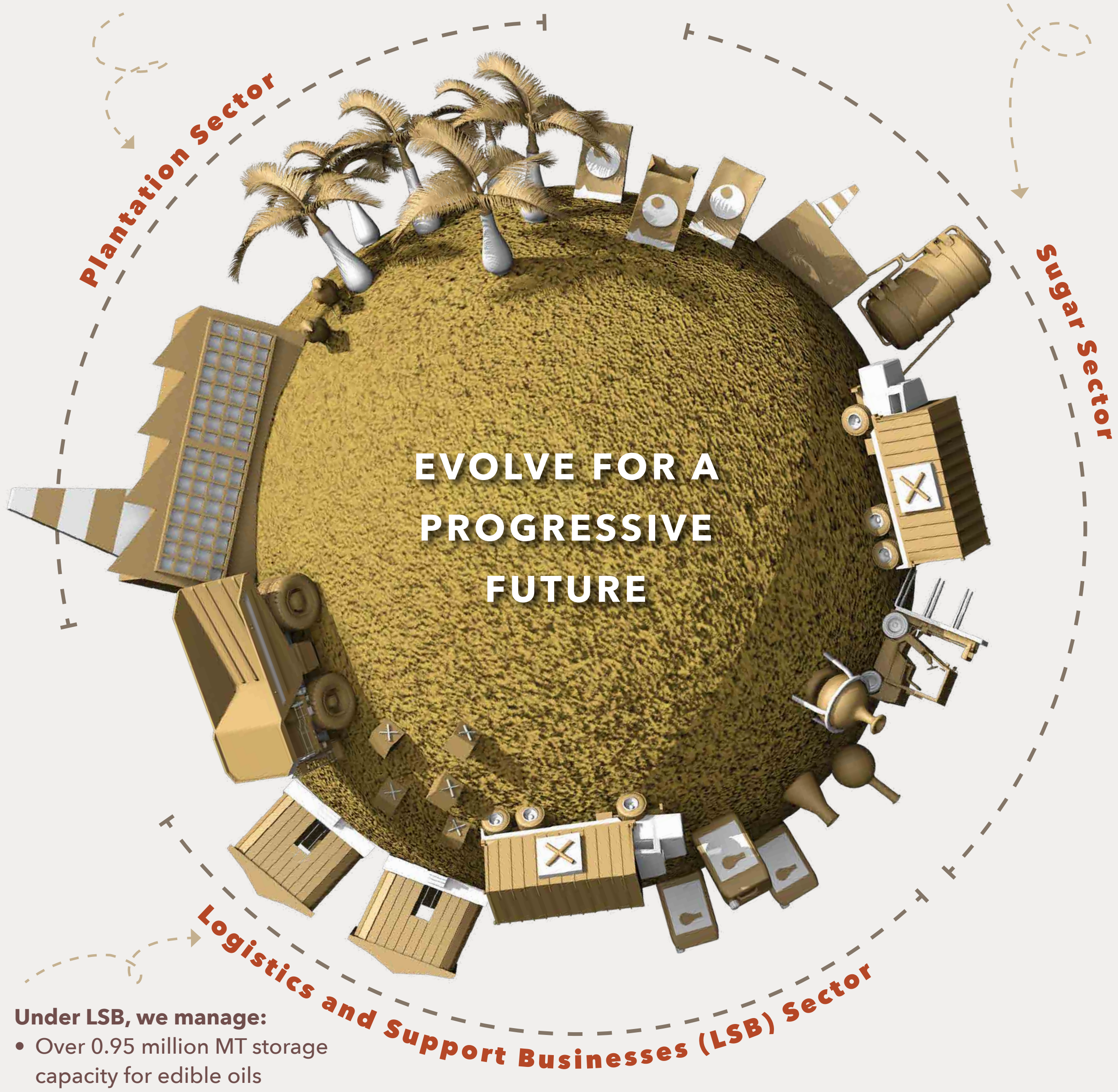
On an Annual Basis:

- We process 15 million MT of FFB to produce 3 million MT of CPO and 0.80 million MT of PK
- We produce around 0.35 million MT of CPKO
- We sell 61% of our CPO to the market
- We refine 39% of CPO internally to produce palm olein, industrial and specialty fats for industrial usage and consumer consumption

In 2017, we increased our Stock Keeping Units to 143 items for domestic and international customers

Through MSM:

- We produce more than 1 million MT refined sugar annually for domestic and export markets
- We export 14% of our sugar to countries like Singapore, Papua New Guinea, Hong Kong, New Zealand and South Korea
- We produce seven types of products from sugar for the domestic market



Under LSB, we manage:

- Over 0.95 million MT storage capacity for edible oils
- 433 liquid and cargo tankers
- 3 warehouses and 2 jetty operations

OUTPUT

Value We Created

People

- LOW STAFF TURNOVER RATE OF **4%**
- **267,656 TRAINING MANDAYS** FOR HUMAN CAPITAL DEVELOPMENT
- **115** SCHOLARSHIPS AWARDED

More information on pages 32-35

Social and Relationship

- **8 COMPLEXES** RECEIVED RSPO CERTIFICATES AND **7 MILLS** WERE CERTIFIED TO THE ISCC
- **RM0.65 MILLION** CONTRIBUTED TO OUR CONSERVATION INITIATIVES
- **TRAINED 10,850** (SMALLHOLDERS, THIRD-PARTY SUPPLIERS AND CONTRACTORS) ON SUSTAINABILITY-RELATED TRAININGS
- **RM2.04 MILLION** CONTRIBUTED TO YAYASAN FELDA

More information on pages 57-60

Natural

- FFB PRODUCTION OF **4.26 MILLION MT**
- REPLANTED AREA OF **10,675 HA**
- AVERAGE OIL PALM AGE PROFILE OF **14.5 YEARS**

More information on pages 40-41

Financial

- REVENUE: **RM16.94 BILLION**
- PBZT: **RM416.59 MILLION**
- PATAMI: **RM143.73 MILLION**

More information on pages 24-30

Manufactured

- CPO PRODUCTION OF **2.99 MILLION MT**
- SUGAR PRODUCTION OF **1.02 MILLION MT**
- THROUGHPUT HANDLED OF **7.56 MILLION MT** AND TONNAGE CARRIED OF **5.09 MILLION MT**

More information on pages 36-56

Know-How

- **20.60 MILLION** SEEDS SOLD
- OBTAINED PATENT AND COPYRIGHT FOR **FGV INTEGRATED BREEDING DATABASE (FIBD)**
- LAUNCHED TWO PRODUCTS UNDER R&D FOR COMMERCIALISATION: **PLANTgerminus™** AND **EZgrow™**

More information on page 43

THE LINKS BETWEEN MATERIAL MATTERS, STRATEGY AND RISKS

STRATEGIC INTENT	MATERIAL MATTERS	SUSTAINABLE DEVELOPMENT GOALS (SDG)	RISKS
Best-in-Class Operations We aim to establish a sustainable future for our Stakeholders by focusing on our core businesses and utilising our key assets efficiently.	**Yield Improvement**	4 QUALITY EDUCATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	• Erratic weather conditions disrupting the growth of palm oil fruits • Ageing oil palm profile affecting overall palm oil yield • Shortage of foreign guest workers to work in the estates • High dependency on human skills for operational activities • Shrinking market share locally and globally
Strong Financial Management We endeavour to create a strong financial environment that is resilient to internal and external challenges through prudent and optimised measures to maximise Stakeholders return.	**Economic Performance**	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Fluctuation of local and international commodity prices affecting prices of FFB, CPO and other palm oil based products • Volatility of raw sugar price • Volatile foreign exchange movements • Escalating operational costs
Well-Entrenched Governance and Ethics We strive to build a solid foundation for our business through good governance and ethical practices.	**Governance, Ethics and Integrity**	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	• Adverse reputational impact arising from perceived weakness in internal governance • Potential loss arising from inadequate internal controls
	Effective Communications		• Distorted market perception related to past unsuccessful business transactions and ventures • Land Lease Agreement (LLA) considerations
Strong Sustainability and Social Responsibility Orientation We work closely with our people, customers and suppliers to lead the way in maximising resources without compromising on economic, environmental and social considerations.	**Human Rights**	3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES 15 LIFE ON LAND 8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION	• Loss of opportunity in RSPO market due to non-certification status • Not meeting sustainability standards results in adverse reputational repercussions that can impact FGV's wider businesses

LEGEND: *Ongoing* *Achieved*

MITIGATING MEASURES	2017 PRIORITIES	OUTCOMES	REFERENCES
• Focus efforts on best practices in the maintenance of our estate infrastructure, including using innovative irrigation methods to mitigate the impact of harsh weather. • Replanting programme has been ongoing since 2009 and will continue until the age profiles of our plantations reach ideal levels. • Continuously foster close collaborations with the relevant local and foreign authorities to have more varied access to foreign guest workers, including from Indonesia, Bangladesh and India. • Increase mechanisation techniques to reduce labour dependency. • Progressively review and strengthen our marketing strategy and approach. We have also embarked on the innovation of our Downstream products to diversify our income stream.	• Increase FFB production to 4.30 million MT. • Increase FFB yield per hectare to 17.84 MT/Ha. • Reduce average CPO production cost (ex-mill) to RM1,450 per MT. • Replant 14,000 Ha to reduce the proportion of old palms. • Planting Inspectorate reported directly to GP/CEO to provide independent advice, feedback and report on a regular basis. • Increase in-field mechanisation to improve yield and productivity, expand irrigation to dry areas and continue fertiliser applications per agronomists' recommendations.	99% 86% 2% 76% ✓ ▶	More information on pages 36-45
• Strict estate cost management to achieve savings and lower our break-even point, allowing margins even during periods of low CPO prices. • Continually engage with the Government on the refined sugar ceiling price, to mitigate the impact of scenarios where raw sugar prices reach untenable levels. • Apply a strict hedging policy to reduce exchange rate exposure through specific hedging mechanisms. Controls and a monitoring oversight framework are in place to ensure the risks associated with foreign exchange transactions are actively managed. • Concerted drive towards cost containment and reduction across the Group. Budgets are closely scrutinised and monitored, ensuring continued adherence.	• Increase cash reserves to RM2 billion from RM1.80 billion through prudent working capital and cash flow management. • Formation of a Treasury Management Committee to better manage the Group's liquidity and foreign exchange exposure. • Divest and liquidate identified non-core and non-performing businesses.	✗ ✓ ✓	More information on pages 28-30
• Ensure that the Group complies with the latest requirements of the Companies Act 2016 and Malaysian Code on Corporate Governance 2017 (MCCG 2017), as well as the Bursa Malaysia Main Market Listing Requirements (MMLR). • Enhance the Group's governance through instituting comprehensive and more stringent policies and procedures across the Group.	• Improve the Board's composition and representation in accordance with MCCG 2017. • Embark on Governance Quantum Leap initiatives to strengthen business processes in the areas of financial management, internal control mechanisms and Board oversight.	✓ ✓	More information on pages 61-101
• Frequent engagements with key Stakeholders (e.g. employees, FELDA settlers, investors, customers) to provide them with updates and first-hand information related to the Group. • Focus on maintaining a cordial relationship with FELDA (the biggest Shareholder) and strive to meet our Shareholders' expectations so that questions on LLA do not arise.	• Periodic engagements with key Shareholders such as LTH, KWAP and PNB to keep them updated on current matters related to FGV. • Strengthen terms for all current joint ventures to enhance participation, supervision and governance with more stringent criteria for future collaborations. • Participate in CSR programmes to build rapport and strengthen relationships with the public.	✓ ▶ ✓	More information on pages 60, 99 and 100
• Group Sustainability & Environment Department has introduced structural, systematic and customised programmes which include detailed action plans to achieve RSPO certification by 2021. • Communicate with key Stakeholders (e.g. Felda settlers, investors, customers, NGOs) to address any issues related to sustainability.	• Strengthen engagement with Smallholders and external suppliers to achieve RSPO full supply chain certification. • Ethical treatment of our foreign guest workers.	▶ ▶	More information on pages 57-60

OUR STRATEGIC PLAN - THE ENHANCEMENT

This year, our updated Strategic Plan (SP20 (V2)) is an enhanced plan working from the SP20 which was approved in October 2016. On the back of a renewed leadership aspiration coupled with dynamic industry challenges, it was decided that there is an urgent need to review the current SP20's assumptions and growth focus. The enhanced 5-Year plan (2018-2022) was formulated to also take into account pertinent internal and external factors such as the strategic direction from the Board members and management, operational challenges and the fluidity of industry and market dynamics.

The Group's journey to reach its goals shall be guided by four Strategic Thrusts namely Operational Excellence through assets optimisation and Innovation, Moving Down Value Chain, Growth through Portfolio

HOW WE DEFINE OUR VISION

World's Leading
- Multinational presence and talent pool
- Solidify position as the world's largest CPO producer
- Expands global presence with additional upstream operations in SEA countries and possibly in future, Africa
- Increased presence of our other sectors (Downstream, Sugar and Logistics) across all continents starting with integrated regional market penetration

Integrated
- Integration across upstream comprising R&D, seed production, planting and milling
- Integration across downstream value chain comprising refining, distribution and branding
- Integrated Logistics to enhance competitiveness and advancement into higher logistics value chain

Sustainable
- Environmentally and socially responsible corporation
- Higher premium product through certified sustainable value chain
- Economic aspect SP20 (V2) is aligned with overall sustainability agenda

OUR STRATEGIES TO WIN

SP20 (V2) groups our Strategic Thrusts into four categories as follows:

Operational Excellence

This will be achieved via asset optimisation, innovation and implementation of key initiatives such as replanting, improving FFB yield and OER through Good Agricultural Practices (GAP), expediting foreign guest worker intake, exercising prudential cost control and harnessing the power of data analytics.

Moving Down Value Chain

This will be done through developing specialty products, expanding our products regionally and globally, and intensifying our R&D team's involvement in higher value-added downstream products.

OUR STRATEGIC PLAN - THE ENHANCEMENT

Balancing and Optimise Financial & Human Capital which embodies initiatives to improve our equity and capital structure.

While the SP20 (V2) provides clarity on the Group's five-year direction and goals, the theme for 2018 is "Stronger, Focused and Progressing Ahead" is crafted to provide the Group with a solid foundation as a basis to accelerate growth in the coming year.

For 2018, the primary focus is to continue with productivity and efficiency improvements across all business operations. Concurrently, the Group will intensify efforts on landbank expansion, development of high margin specialty products and expand products geographical footprint across the region.

Growth Through Portfolio Balancing

This involves growing our landbank, expanding into new markets for sugar, pursuing integrated logistics play and increasing our participation in e-commerce.

Optimise Financial & Human Capital

This involves improving our equity and capital structure, driving the creation of a high-performance culture across all levels of our organisation, striving for a leaner organisation, and engendering a mindset that promotes sustainability thinking, good governance and risk management.

EMBEDDING SUSTAINABILITY INTO OUR STRATEGIES

Environmental Stewardship

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents and Waste

People

- Human Resource Strategy Framework
- Freedom of Association & Collective Bargaining
- Child Labour
- Corporate Culture
- Forced or Compulsory Labour
- Rights of Indigenous Peoples
- Local Communities
- Customer Privacy

Governance

- Board & Board Committees Terms of Refrence
- Procurement Practices
- Risk Management
- Human Rights Assessment
- Supplier Social Assessment
- Environmental Compliance
- Supplier Environmental Assessment

Economic Impacts

- Economic Performance
- Market Presence
- Indirect Economic Impacts
- Financial Resource & Discipline
- Structure & Business Model

STATEMENT FROM THE CHAIRMAN

Dear Shareholders,

Last year was difficult for all of us. Felda Global Ventures Holdings Berhad (FGV), the company we are all part of, grabbed the headlines for the wrong reasons. The outside world looked in and it found several gaps and lapses in our governance, our operational standards and in some cases, our judgment. There were revelations that shocked our Stakeholders and fingers were pointed in accusation at our leaders. It was a traumatic period. However, all that is now in the past, a past that is behind us, which we will look back upon only as lessons learnt and a reminder of a history never to repeat.

DATUK WIRA AZHAR ABDUL HAMID

GOVERNANCE STARTS FROM WITHIN GE

Over the last several months, your Board and Management have worked hard to set things right, starting at the very top. The Board of Directors I chair today, is a diverse mix of independent subject matter experts and representatives of key Shareholders. We have tightened governance structures and processes across the company with greater Board oversight over the Group's operations and its corporate exercises. Across the Group, we have started the process of reeducation, to instill the principles of good governance and accountability in all our people. Among the initiatives we have recently adopted are, the External Gift, Entertainment & Hospitality Policy and the Malaysian Anti-Corruption Commission's Corruption-Free Pledge.

With this renewed clarity, FGV will be able to move forward with the systems and processes that support a well-managed organisation firmly in place. We are always cognisant of our dual role, firstly as a listed company and secondly, as the champion of Smallholders interests. The first role as a listed entity comes with a responsibility to our Shareholders to deliver returns for their investment and trust in us. The second role, is equally important and is part of our corporate responsibility to all our Stakeholders. The Smallholders are our partners and in many instances, also our Shareholders. We have an extended responsibility towards them in terms of operational support, technical advice and the networks we provide to link them into the international commodity markets. At FGV, we believe these are complimentary roles that define us further as responsible planters.

OUR PEOPLE ARE OUR GREATEST ASSET EC

We realise that the events of 2017 took its toll on our people too, affecting morale and causing unnecessary distractions. Thus, we have renewed our focus on strategy and performance management, emphasising the need to set clear goals and targets. FGV's Strategic Plan (SP20 (V2)), was approved by the Board at the start of 2018 and we will track performance to ensure that we meet both our aggressive internal expectations, and those of all our Shareholders as well.

At the time of writing this message to you, I have visited many of the estates owned or managed by FGV and talked to our people on the ground personally. You will be pleased to know that we have some exceptional talent across the Group, many of whom are already driving themselves and their colleagues towards a better 2018. They are the backbone of the company; the fruits of their labour allow us to be successful.

Having good people is one thing, ensuring that they are supported is another. Thus, an important focus area of SP20 (V2) is human capital management, to secure FGV's sustainability in the long term. Aside from seeking to improve our competitive edge and productivity through skills development programmes, we are implementing plans to empower our people to make measured and timely decisions that will ensure they meet their targets, and therefore the Group's. We have also instilled a sense of urgency to implement all the new measures and necessary corrective steps, so that FGV can regain its footing and momentum. I am pleased that there is a healthy level of awareness of the impact of poor implementation, or even inaction, on financial performance.

We are now moving forward at the right pace, with clear goals in mind and within sight.

SUSTAINABILITY IS A GIVEN YI GE HR

Sustainability is in our DNA. FGV was founded upon the success of the FELDA scheme, which was one of the most successful poverty alleviation programmes in the world. The core of FELDA, and thus FGV, is the elimination of poverty, the very first of the United Nation's Sustainable Development Goals (SDG). At FGV, we have taken it a step further; we believe in social equity.

Today, FGV is among the largest supporters of Smallholders in the world. We partner, support and sustain over 112,000 Smallholders who sell their fresh fruit bunches to us. Historically, Smallholder yields are far lower than those of more efficient corporates. Therefore, one of the key strategies we have identified is a yield improvement programme for our Smallholders. As this programme is rolled out, it will bring great benefit to both Smallholders and the Company.

As we strive towards achieving social equity, we understand the need for responsible development and environmental stewardship. FGV published its Sustainability Policy in 2016 and is now in the process of further improving its commitments. To achieve this, we are working with all Stakeholders, especially local communities in our areas of operation and our customers.

REWARDING OUR SHAREHOLDERS

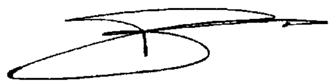
After taking into account the operating landscape and our improved performance, the Board has approved the payment of an interim dividend of 5 sen per share.

APPRECIATION

Finally, I wish to record my appreciation to my fellow Board members for their insights and contributions over the past several months.

I would also like to thank our Group President/Chief Executive Officer, Dato' Zakaria Arshad, and the management team for their unwavering resolve to always do what was right and best for FGV. My gratitude goes also to all our people, who have continued to deliver despite the challenging environment. Their hard work and perseverance contributed greatly to the improved performance in the last financial year.

I would also like to thank all our Stakeholders, especially our partners and customers who remained steadfast and resolute, despite the tumultuous events of 2017. We look forward to their continued support in the years ahead.



Datuk Wira Azhar Abdul Hamid
Chairman

MESSAGE FROM THE
GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER
Management Discussion & Analysis

DATO' ZAKARIA ARSHAD

Our Valued Shareholders,

We continue to make significant progress in the year under review to accelerate our transformation and improve our performance as a globally integrated agribusiness that delivers value to our Stakeholders. FGV registered total revenue of RM16.94 billion for the financial year ended 31 December 2017, a slight decrease of 2% from the RM17.24 billion in the previous year. Nevertheless, total Profit Before Zakat and Tax (PBZT) grew over 60% to RM416.59 million from RM260.30 million in 2016.

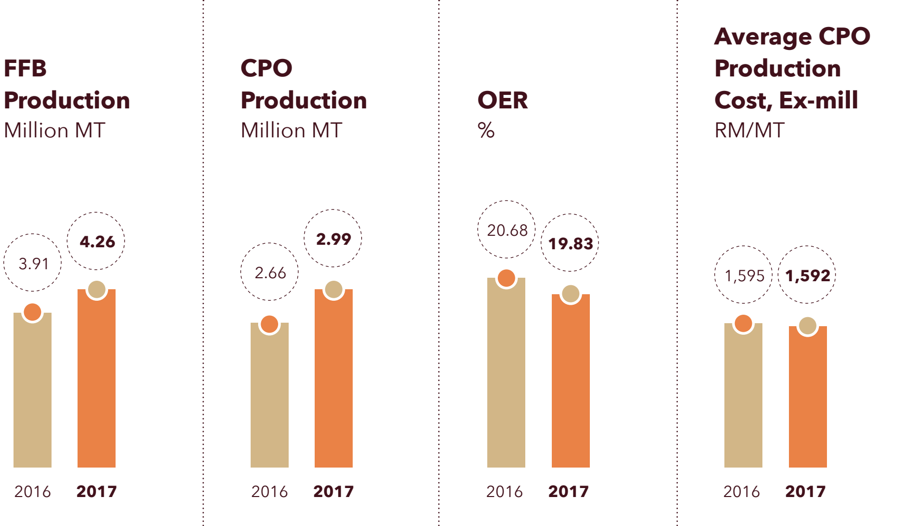
I am pleased to present the following overview of our key financial metrics and their contributing factors:

Group Revenue: -2% YoY EP
- Revenue fell mainly due to lower CPO sales quantity as we reduced the trading of external oil.

Group PBZT: +60% YoY EP
- The improved reading came on the back of increased CPO margins due to higher CPO prices, a gain on a disposal transaction, improved share of profits from our joint venture companies, higher RBDPKO margins in the kernel crushing business, as well as higher sales volume and forex gains in the fertiliser business.
- These improvements were partially offset by an increase in raw sugar cost of RM2,131 per MT (2016: RM1,778 per MT) and a weaker Ringgit, increase in fair value charge for our land lease agreement, net impairment of receivables and assets of RM118.45 million, and a provision for litigation loss in FGV Trading of RM32.84 million.

Plantation Sector's profit rose to RM554.18 million from RM233.78 million in 2016 mainly on the back of improved Fresh Fruit Bunch (FFB) production, higher margins from Crude Palm Oil (CPO) and Refined Bleached Deodorised Palm Kernel Oil (RBDPKO), and improved share of profits from our joint venture companies. The increase was also contributed by the Sector's gain on disposal of shares in AXA Affin.

Sugar Sector's profit decreased to RM1.89 million from RM151.81 million in 2016 due to the increase in average raw sugar cost and weakened Ringgit. Logistics and Others Sector's profit improved to RM45.18 million from RM7.96 million in 2016 as throughput handled and tonnage carried grew in tandem with the increase in CPO production volumes. The performance and details of each Sector will be further elaborated under the Management Discussion & Analysis section on pages 36-56.



2017 HIGHLIGHTS

For our Plantation Sector, FFB production rose 9% to 4.26 million MT in 2017 (2016: 3.91 million MT), whilst CPO production increased 12% to 2.99 million MT (2016: 2.66 million MT) at an average CPO production cost (ex-mill) of RM1,592 per MT (2016: RM1,595 per MT). However, the Oil Extraction Rate (OER) fell 4% to 19.83% (2016: 20.68%) due to high water content in the fruit set and lower oil-to-bunch ratio.

As a result of our continuous replanting efforts, our oil palm age profile has improved to 14.5 years from 14.9 years in 2016. These efforts put us on track to achieve the ideal age profile of 12.8 years and producing 5.30 million MT FFB in 2020.

Faced with severe labour shortage in early 2017, the Management had intensified its recruitment efforts by engaging directly with existing and new supplying countries resulting in new recruits of more than 7,000 foreign guest workers in 2017.

Our seed business recorded a sale of 20.60 million seeds (2016: 21.26 million seeds) in the domestic market, maintaining our market share of 42%. We also penetrated the Indonesian market with the first shipment of 72,514 seeds in 2017.

Under the 'Waste to Wealth' initiative, we have fully commercialised Palm Kernel Shell business, with a shell recovery rate of 1% (2016: 0.52%) producing more than 140,000 MT shells for Japan's renewable energy industry.

Eight complexes have been RSPO-certified and will produce 200,000 MT of Certified Sustainable Palm Oil (CSPO) and 22,000 MT of Certified Sustainable Palm Kernel Oil (CSPKO). We also conducted training programmes for smallholders as well as third-party FFB suppliers and contractors on Good Agricultural Practices (GAP) and yield improvement.

We had rationalised three palm oil mills, two rubber processing plants and

HIGHLIGHTS

Alignment with the Bursa Malaysia Listing Requirements, the Management Discussion and Analysis (MD&A) focuses on the disclosure of non-financial information such as group business, operations and performance.

We have structured this year's MD&A based on the information required to be disclosed includes:

one palm oil refinery to improve the utilisation factor and processing costs, in line with our cost efficiency efforts.

Under the Sugar Sector, production volume stood at 1.02 million MT (2016: 1.04 million MT) with annual sales of around 1 million MT (2016: 1.03 million MT) in which 86% went to the domestic market, representing 58% market share. However, the Sector's overall performance was affected by a 20% higher average raw sugar cost and weakened Ringgit.

As for our Logistics and Others Sector, we stored 7.56 million MT (2016: 6.53 million MT) of oils and grains in our bulking and warehousing facilities, and increased the transport volume to 5.09 million MT (2016: 4.39 million MT), both were contributed by higher volumes of CPO produced. We also completed the construction of a 38,300 MT edible oil storage facility in Port Qasim, Pakistan and fully operationalised the additional storage capacity of 31,000 MT in Pasir Gudang, Johor.

We have made significant strides in human capital development especially in the areas of manpower optimisation, skills development and rewards & benefits. We offered Voluntary Separation Scheme (VSS) to 330 senior management staff, which achieved 12% acceptance. We established FGV Academy to develop employees' professional skills in plantation management, business development and marketing. As one of our incentives to motivate our people, we rewarded FGV shares under our Long Term Incentive Plan (LTIP) to eligible employees.

2018 PRIORITIES YI EP GE EC HR

Moving forward, we will continue to improve our business plan and maximise our effectiveness to achieve sustainable performance, as guided by the Group's four Strategic Thrusts as stipulated below.

Operational Excellence

- 4.85 million MT of FFB production and average CPO production cost of RM1,562 per MT
- Replanting target of 5-6% (~15,000 Ha) of our total mature area to improve age profile
- Enhance mechanisation in the areas of harvesting and in-field collection to improve labour productivity
- 28 mills to be ready for RSPO certification
- Workers' retention programme by building 527 blocks of new housing to accommodate 14,000 workers
- Consolidate the Palm Kernel Shell business for the export market and improve the shell recovery rate to 1.20%
- Rationalise two mills to increase mills' utilisation factor and reduce processing costs

Moving Down Value Chain

- Increase number of key wholesalers (KWS) for cooking oil by 20% from the current base of 200 KWS nationwide
- Develop higher yielding and quality oil palm seeds
- Obtain kosher certification through kosherised fractionation system in the US oleochemical plant

Growth Through Portfolio Balancing

- Opportunistic value accretive landbank expansion
- Synergistic strategic alliances in key consumption countries
- Commence operation of Johor sugar refinery by mid-2018 and increase sugar refining volume by more than 0.30 million
- Grow logistics and support businesses' capabilities to generate external opportunities

Optimise Financial And Human Capital

- Divestment of non-core and non-performing assets/ investments
- Manpower optimisation and talent development
- Enhance terms of existing joint venture agreements
- Manage perception through engaging with Stakeholders

FGV's FY2017 results improved in line with our Transformation and Growth initiatives during the year. The Transformation and Growth enhancing efforts will continue into 2018, where we expect further positive results to be achieved.

ACKNOWLEDGEMENTS

I wish to extend my gratitude to the Board of Directors for the guidance and insights they offered in 2017. Although we went through a period of leadership challenges that affected the general perception towards the Group, our Board Members' steady-handed approach and openness had allowed us to overcome this difficult chapter and made us more resilient going forward.

It is not just "business as usual", for we are boosting our forward momentum with a new Board composition and renewed focus on our commercial agenda to distinguish ourselves as a progressive, value-driven entity in the marketplace.

I would hereby thank all staff, without whom we would not be here on our transformative journey. Their diligence and commitment to our Group are veritable human capital strengths that propel us forward through the ups and downs of our business. I am confident that our shared drive and ambitions for FGV will help us surmount any obstacles to come.

I also wish to thank our Shareholders and FELDA communities for standing by us during this period. Your sustained backing gives us the enthusiasm to continue undertaking initiatives that optimise our potential and maximise our value creation and delivery.

To our other Stakeholders – our regulators, members of the media, suppliers and partners around the world – thank you for your keen interest in where we are now and what we intend to achieve going forward. Your sure and steadfast support provide us the impetus to make the best of whatever situation we find ourselves in, and we hereby reiterate our commitment to solidify our relationships further for mutual benefits in the years to come.

Dato' Zakaria Arshad
Group President/Chief Executive Officer

MESSAGE FROM THE
GROUP CHIEF FINANCIAL OFFICER
Management Discussion & Analysis

AHMAD TIFLI DATO' HAJI MOHD TALHA

Dear Shareholders,

In the past four quarters, FGV's Profit After Tax and Minority Interests (PATAMI) has seen encouraging trends with RM2.47 million in Q1, RM25.91 million in Q2, RM38.77 million in Q3 and finally RM76.58 million in Q4, amounting to a total of RM143.73 million for the year under review. These positive results stem from concerted efforts to focus on our core businesses and cost management initiatives.

A QUICK LOOK AT FINANCIAL YEAR 2017 EP

Various developments in our operating landscape continued to influence our performance in 2017, including volatility in the foreign exchange market, uncertainty in the global economic environment, labour shortages and weather conditions that affected the supply of competing edible oils. Average Crude Palm Oil (CPO) pricing for 2017 was higher than that of 2016, with the commodity closing the year at RM2,792 per MT.

To mitigate the challenges in the external environment, our Senior Management remained steadfast in introducing ways to boost our operational effectiveness and reduce cost. We are optimistic that these measures will also have an enduring impact on our financial performance in the coming years.

HIGHLIGHT OF FINANCIAL RESULTS AND FINANCIAL CONDITION EP

The Group registered total revenue of RM16.94 billion in 2017 (2016: RM17.24 billion), with this 2% decline attributed mainly to a 17% lower CPO sales volume despite the higher average price realised. This decrease was partly mitigated by the higher average selling price and sales volume of our US fatty acid and kernel crushing business, as well as the 46% higher average selling price per MT of our Rubber business.

The Group registered a Profit Before Zakat and Tax (PBZT) growth of over 60% to RM416.59 million from RM260.30 million in 2016, mainly on account of increased CPO margin due to higher CPO prices, higher Refined Bleached Deodorised Palm Kernel Oil (RBDPKO) margin in our kernel crushing business, higher sales volume and foreign exchange gains in our fertiliser business, improved share of profits from our joint venture companies of RM6.19 million (from a loss of RM19.48 million in 2016), and a gain on disposal of AXA Affin of RM73.20 million.

Earnings Per Share (EPS) rose over 100% to 3.90 sen in 2017 from 0.90 sen in 2016, an improvement mirrored by the over 100% increase in Return on Shareholders' Funds to 2.56% in 2017. These metrics, coupled with the 5 sen interim dividend declared during the year, are evidence of the Group's commitment to creating value for our valued Shareholders.

The Group's net cash generated from operating activities for the year increased by 44% against 2016 due to the higher profitability from Plantation Sector. Overall, cash and cash equivalents at the end of the year reduced by 9%, largely due to higher loan repayments and dividend payments made during the year.

During the year, the Companies Act 2016 (2016 Act) came into effect on 31 January 2017, replacing the Companies Act 1965. Under the 2016 Act, the concept of par or nominal value of shares has been abolished and hence, the share premium, capital redemption reserve and authorised capital are no longer applicable. In accordance with Section 618(2) of the 2016 Act, the outstanding credit balance in the share premium account and capital redemption reserve of RM3,371.69 million and RM10.05 million respectively were transferred to share capital.

MAINTAINING AN OPTIMAL COST STRUCTURE EP

We continued to institute cost-saving measures throughout the organisation in 2017. These efforts tie in with our SP20 (V2) objective of creating an effective and efficient organisation through strengthening our core businesses and rationalising non-performing assets to achieve optimum operational performance.

The Group's liquidity management is centrally managed by our Treasury Management Centre (TMC) to meet group working capital and trade financing requirements. Almost all of our daily excess cash is concentrated in the TMC current account, enabling the Group's efficient cash liquidity planning. This real-time daily cash management has reduced working capital and trade finance external borrowings, with our Group's asset and liability management yielding net savings of RM6.50 million in 2017.

Our Board approved a reduction in allowances for senior staff as a temporary cost-mitigating measure that will take effect from 1 January 2018. This initiative is expected to yield savings of RM1.40 million per year. Though seemingly small in magnitude, this initiative reflects management's commitment to reduce costs even in areas where they are personally affected.

Other Board-approved cost-optimisation initiatives that took effect from 1 November 2017 include the amendment of hotel room entitlements, reduction in mileage claims and rationalisation of travel entitlements.

We are striving to improve our profitability and Shareholders' value while operating in an increasingly competitive business environment. To this end, our Board has approved a phased Voluntary Separation Scheme (VSS) to optimise our manpower requirements, where Phase 1 applies to General Managers and above.

To date, 26 applications have been approved, with the total cost from this exercise amounting to RM10.96 million, whereby 80% of this cost will be recovered in 2018.

Our Shared Services Centre (SSC) is encouraging all business units to utilise the Group's auto debit functionality, which was introduced in response to Bank Negara Malaysia's acceleration of e-payments through the gradual increase of cheque processing fees. Business units are expected to fully utilise this feature by end-2018, which will yield cost savings and improve payment efficiencies. SSC's implementation of the Blanket Purchase Order (BPO) system, meanwhile, accelerates the processing of invoices and payment to vendors, as material management invoices will be immediately posted from the system.

We are also implementing intercompany automatic postings to streamline and ensure the concurrent recognition of transactions by both parties. This will increase the accuracy of data and improve the financial reporting process. In addition, our automatic reconciliation of customer accounts directly from bank transactions expedites the identification of incoming payments and updates into the system. We have also started sending Dunning letters via e-mail to customers, thereby eliminating postage charges associated with the delivery of physical copies.

MESSAGE FROM THE GROUP CHIEF FINANCIAL OFFICER

Management Discussion & Analysis

WORKFLOW IMPROVEMENTS FOR GREATER EFFICIENCY EP

Our systems and processes continued to be improved upon in 2017 in response to changes in our operating landscape. These improvements, in line with our SP20 (V2) aim to continually optimise our internal operational efficiencies, were in the following forms:

1. Enhancement to our Credit Control Policy;
2. Enhancement to our Business Planning and Consolidation (BPC) system; and
3. Improving management reporting to enhance financial management.

Enhanced Credit Control Policy

The Credit Control Policy was enhanced to establish standards for the credit control processes of the Group.

Incorporating best practices from within and outside of the Group, the Policy encompasses the roles and responsibilities of the Credit Control Committee, acceptable sales payment terms, rules on credit application as well as ongoing monitoring of customer accounts and processes for customer accounts that exceed their credit limits and terms, and other related areas to minimise the Group's credit and collectability risks of its sales and revenues generated from its business activities.

With the establishment of this Policy, there is now notably greater clarity on the authority required for the granting of credit, whilst credit control processes can now be better monitored with the establishment of Credit Control Committees in each subsidiary. The acceptable sales payment terms will also work to reduce the frequency of delinquent payments.

Improving Management Reporting to Enhance Financial Management

In line with our BPC enhancement initiative, we are also improving management reporting on a standardised platform as a key enabler for the enhancement of our Group's financial management.

This effort entails the establishment of a centralised hub for financial and operational data, whereby information is gathered via an online dashboard on a monthly basis with strict deadlines enforced to deliver quality reporting for management decision making. Greater accountability is being placed on subsidiaries to provide their monthly performance analytics on top of financial and operational data submission to the Group. This information is used to establish a monthly report to Senior Management for monitoring purposes. This shared accountability between subsidiaries and the Group in delivering management information will help instill a positive reporting culture and enhance transparency in shared information.

WHAT WE WILL DO IN 2018-2020

We will remain committed to containing our costs through initiatives that promote the efficient use of data collected throughout FGV's operations. These include:

- Undertaking Procurement Spend Analysis, which is a process of collecting, cleansing, enriching, classifying and analysing expenditure data to reduce procurement costs whilst improving efficiencies and compliance. This will give FGV Group Procurement the ability to better analyse procurement data and spending patterns of all material purchases and expenses to make better spending decisions;
- Enhancing our SAP system for Investment Management and Project System (IM-PS) to better manage our investments and track investment activity; and
- Implementing the Digital Board Meeting System for Senior Management and administrators to conveniently run secured digital meetings. Aside from enhancing accountability and being environmentally friendly, this paperless meeting solution can promote significant savings on printing and delivery.

To further manage the Group's gearing ratio, we are exploring value chain management and vendor financing initiatives. The end-to-end business solution on trade, working capital and vendor financing will enable our business to manage the Group's liquidity, external borrowings and supply chain funding throughout our financial ecosystem.

In an effort to diversify our sources of liquidity, we are exploring opportunities to raise funds from the debt capital markets. With an organic growth strategy in place, a *sukuk* programme is positioned to match the gestation period of a palm plantation, and support our Group liquidity for a tenure between 10 and 20 years.

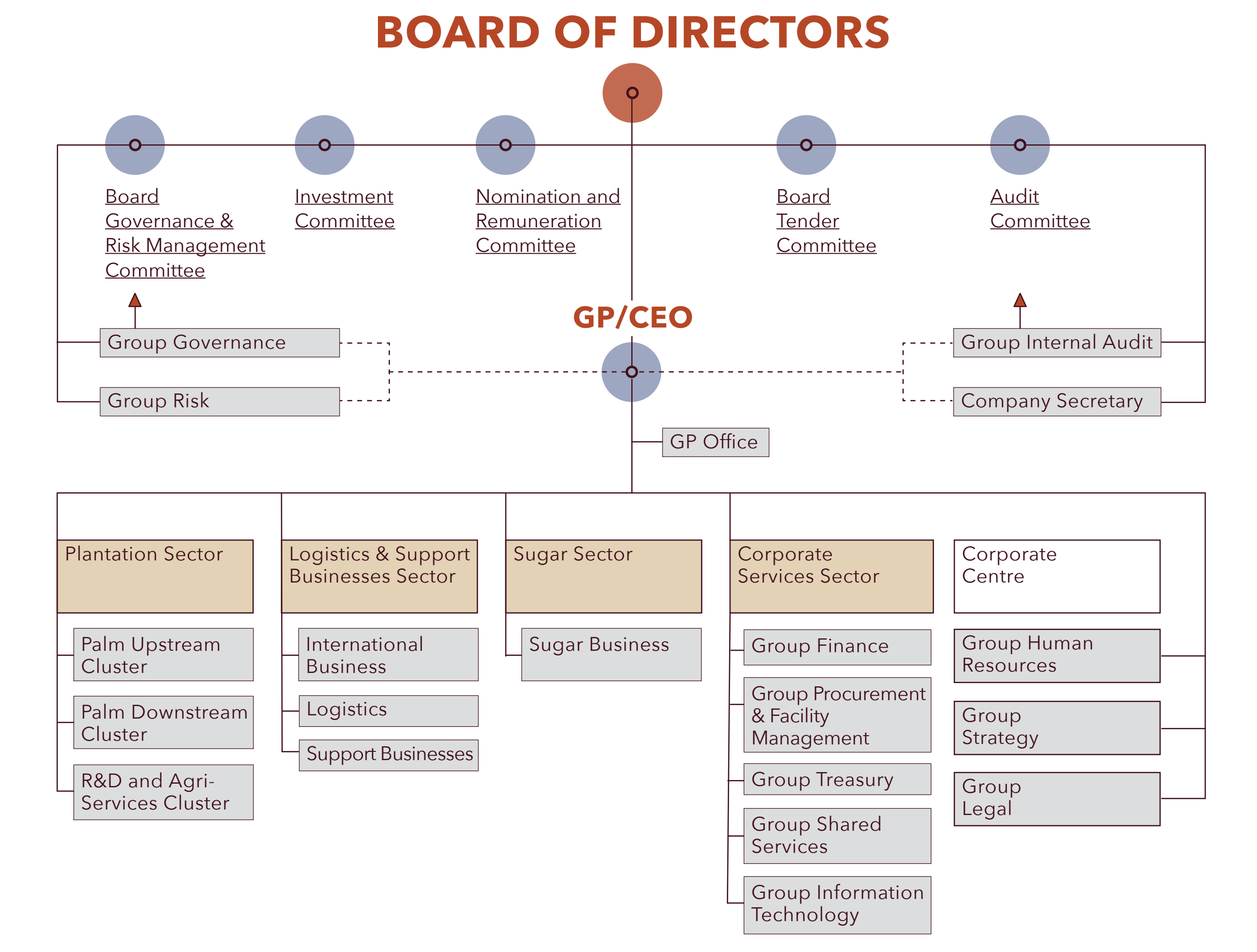
Ahmad Tifli Dato' Haji Mohd Talha
Group Chief Financial Officer

Strategy and Business Plan Retreat 2018 held on 14-16 January 2018.

People enrichment is integral to the sustained strength of our Group's performance.

Guided by the philosophy that our human capital are our greatest assets, we have over the years significantly invested in our management development, talent recruitment and retention initiatives to not just ensure a steady pipeline of talent for our business needs, but also to bring out the best in our people through upholding the values of Partnership, Respect, Integrity, Dynamism and Enthusiasm.

Group Organisation Structure



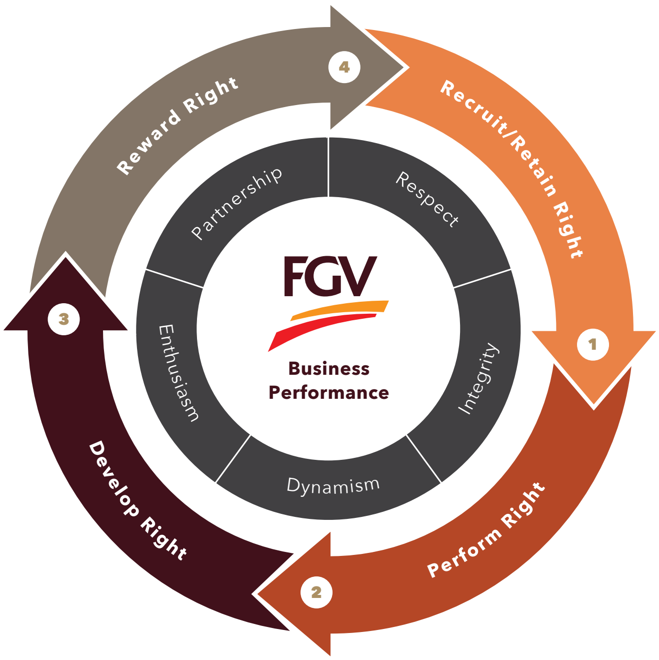
IMPROVING OUR EFFICIENCIES

Our organisational structure is grouped into three main business Sectors; Plantation, Sugar and Logistics & Support Businesses (LSB) with the support of Corporate Services Sector and the Corporate Centre Divisions. This structure sharpens our operational and management focus whilst creating clearer reporting accountability lines. It is instrumental in driving our Group to attain improved operational efficiency and effectiveness, as demonstrated by the positive readings of our various performance metrics for 2017.

SOLIDIFYING OUR CAPABILITIES

At FGV, we are continually assessing, developing and strengthening our human capital to ensure that we have the right competencies, qualities, dynamics, attitude and passion to drive the Group's various initiatives in creating value for our Stakeholders. The approach we take to our human capital development is guided by our Human Resource (HR) principles:

HR Strategy Framework



GROUP HR'S MISSION

To create value through our human capital via transformation of our PEOPLE towards a High Performance Culture

NURTURING TALENT

Skim Latihan 1Malaysia (SL1M)

In 2017, we continued our search for young talents with the potential to contribute positively to the Group.

In support of the Government's initiatives to improve the employability of local graduates, FGV provides training to graduates under the SL1M through FGV Sawit (Apprentice Work-in-Training Scheme).

In total, 92 participants took part in our three programmes, i.e. Cadet Planter, Cadet Mill Engineer and Management Trainee. These programmes will be ongoing until the end of 2018, with a view of hiring suitable participants on successful completion.

Graduate Programme	No. of Participants
Cadet Planter	34
Cadet Mill Engineer	29
Management Trainee	29

Scholarship Programme

We continue to run our Scholarship Programme, an initiative which builds human capital expertise for future manpower requirements.

This programme started in 2006 and has been offering scholarships to deserving Malaysians to pursue tertiary education locally or abroad. As at end-2017, a total of 64 local scholarships and 51 overseas scholarships have been given out. Currently, 17 of these recipients are serving in various subsidiaries within our Group.

Manpower Optimisation Initiatives

As part of the Group's efforts to optimise our manpower, we continued to offer our Voluntary Early Retirement Scheme (VERS) and Mutual Separation Scheme (MSS) throughout 2017 with a total of 330 employees taking up these offers.

In the fourth quarter of 2017, we offered the Voluntary Separation Scheme (VSS) to all General Manager level employees and above. Of the 41 applications received, 26 were approved with a total payout of RM10.96 million with a payback period of 14 months. Through these ongoing initiatives, we are expected to achieve optimum headcount in the next 2-3 years, which in turn, would improve our HR-related expenditure considerably.

DELIVERING SUSTAINABLE VALUE EC

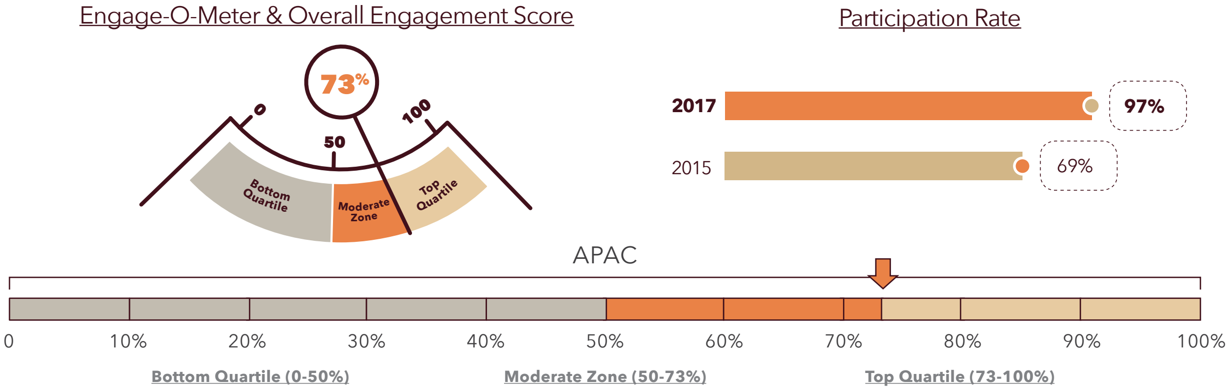
Employee Engagement

Employee engagement activities held throughout the year included amongst others, Townhalls with Chairman and GP/CEO, Business Talks by Division & Cluster Heads, a Chit-Chat session with GP/CEO, a Young Executive Dialogue with Chairman, Hari Raya celebration at the Group level and other engagement activities at Division, Cluster and Company levels.

We conduct our Employee Engagement Survey (EES) to discover and understand the needs of our human capital. This survey helps us to determine the level of communication and engagement required to maintain a satisfied and committed team.

During the year under review, the result registered in the top quartile at 73% as compared to Malaysia Country Norm of 59% last year, whilst participation increased to 97% from 69% previously. These readings are reflected in our low staff turnover rate of 4% recorded in the same year. Leveraging on this momentum, engagement champions were appointed from all divisions and companies to gather feedback through focus group discussions to implement effective action plans. This employee engagement initiative will help us to improve our talent management, operational productivity and customer satisfaction, ultimately impacting our bottom line positively.

FGV Group Employee Engagement Survey Results



	Participation Rate	Engagement Score	Range
FGV Overall 2017 (n=18235)	97%	73%	Top Quartile
FGV Overall 2015 (n=13938)	69%	73%	Top Quartile
Malaysia Country Norm (2015-2016)	-	59%	Moderate Quartile
Best Employer (BE) Malaysia 2016	-	87%	Top Quartile

ENRICHING CAPABILITIES AND POTENTIAL

Employee Enrichment Plan

Our Employee Enrichment Plan (EEP) was introduced to address sub-optimal employee performance and/or behaviour. Adopted on 1 January 2017, the EEP aims to help participating employees improve their work and behavioural performance. Employees under EEP will be required to undergo special programmes, such as counselling sessions, skill and competency trainings, as well as other enhancement programmes.

The EEP comprises two special programmes:

- The Performance Recovery Programme (PRP) for employees having work performance issues; and
- The Character Building Programme (CBP) for employees with personal/behavioural issues.

The CBP programme took place with 27 employees in 2017 with the aim to improve their performance and behaviour.

CREATING BETTER LEADERS

FGV Academy

In line with our Group HR's Strategy Framework to promote a high-performance culture and support SP20 (V2)'s aspiration of HR excellence, we established the FGV Academy on 31 May 2017 to integrate all our learning and development activities.

Group Organisational Learning & Development (GOLD) was tasked with designing, developing and operationalising this full-fledged learning academy by 2019. We envision this academy to:

Positively impact our business through revenue growth, cost optimisation, enhanced talent development and closer employee engagements	Create a reputation for learning and development to boost our corporate image	Establish a human capital development platform that aligns with our mission of 'Creating Value Through Our Human Capital'

Senior Leadership Programme

To enhance our people's leadership skills, the Senior Leadership Programme (SLP) has been designed to expand participants' strategic and tactical skills and sharpen their decision making ability to drive operational excellence. This programme encompasses of six modules spread over seven months. It is one of several means to develop talent from within and prepare a solid line-up of successors for the Group's key positions.

In 2017, 29 senior leaders from various departments took part and have since graduated from this programme.

MOTIVATING OUR PEOPLE

Long Term Incentive Plan

2017 marked the second year of our Long Term Incentive Plan (LTIP), which was established and approved by our Board of Directors in February 2016. A total of 5,342,400 shares have been granted in 2017 to eligible employees based on approved mechanisms.

LTIP is one of our incentive tools to reward, retain and motivate employees whose contributions are vital to the Group's progressive and sustainable growth. It is also in line with our Group HR's Strategy Framework that aims to drive a high-performance culture.

INCULCATING A HIGH-PERFORMANCE CULTURE

The realisation of our strategic ambitions relies on a team of highly engaged and dedicated staff. We are committed to enhancing our practices and inculcating them across the Group to ensure alignment to our aspirations. Our immediate focus is to leverage on our resources and talent across borders, helping us stay operationally lean, effective and efficient.

Moving forward, our ambition for the FGV Academy is to be a role model for the industry in learning and development. We strive to become an employer of choice that is highly engaged with our employees, and will continue to develop our talent to achieve a high-performance culture throughout the Group.

OUR PERFORMANCE BY SECTOR:
PLANTATION
Management Discussion & Analysis

We strive to generate synergies through a fully integrated palm value chain that produces sustainable profits and business growth

We continue to pursue our replanting programme to improve our age profile to 12.8 years by year 2020.

UNDERSTANDING OUR BUSINESS CONTEXT

OUR PERFORMANCE BY SECTOR: PLANTATION

Management Discussion & Analysis

FGV is a market leader in producing high-yielding planting materials.

ABOUT THE SECTOR

Who We Are and What We Do

As the world's third largest oil palm estate operator, our Upstream cluster manages a total landbank of 440,577 Ha with a planted area of 354,939 Ha (palm and rubber) across Malaysia and Indonesia. Annually, the Group produces around 3 million MT Crude Palm Oil (CPO) through 69 mills, all located in Malaysia.

Our Downstream operations further refine CPO into a variety of palm oil-based products e.g. cooking oil, frying fats, industrial and specialty fats, and oleo derivatives. Through our flagship brand, SAJI, we managed to capture 35% of the domestic cooking oil market.

Our Research & Development and Agri-Services (R&D) cluster, meanwhile, helps to enhance FGV's core business through our award-winning planting material, Yangambi. It also produces fertiliser and rat bait (known as BUTIK) to improve our agricultural yield.

The consolidation of Upstream, Downstream and R&D clusters will elevate synergies and enhance the decision-making process throughout our palm value chain. In 2018, FGV Trading Sdn Bhd (FGVT) will be grouped under Logistic and Support Businesses Sector to introduce greater efficiencies and enhance its focus in executing the supporting functions.

Market Destinations

Trading: China, Pakistan and India

Downstream: Malaysia, China, United States (USA), United Kingdom (UK), the Philippines, Laos, Pakistan, Myanmar, Cambodia, Afghanistan, Japan, Australia and India

Seeds:
Malaysia, Indonesia, the Philippines, Papua New Guinea, Sri Lanka and Thailand

Fertiliser:
Malaysia and Indonesia

AWARDS AND RECOGNITION IN 2017

Upstream

- 8 complexes received Roundtable on Sustainable Palm Oil (RSPO) certificates and 7 mills were certified to the International Sustainability and Carbon Certification (ISCC)
- Anugerah Prestasi 2017 Kategori Kilang Kelapa Sawit (CEMS) for KS Jerangau Barat
- ISO 14001:2015 certification for Ladang FELDA Besout 6

Downstream

- International Sustainability and Carbon Certification from the European Commission (ISCC EU) for its biodiesel plant (15 December 2017 - 14 December 2018)
- RSPO recognition for its production of Palm Methyl Ester and Glycerin (4 July 2016 - 3 July 2019)
- 2017 Outstanding Business Partner Award - Grocery (Basic Essentials and Condiments) by GCH Retail (Malaysia) Sdn Bhd
- ISO 9001:2015 certifications for Felda Kernel Product crushing plants, Felda Vegetable Oil Product refineries and FGV Biotechnologies plants

R&D

- Sustainability Award (EP) and High Commendation in the Oil & Gas Award (EP) - IChemE Malaysia Awards 2017
- Laboratory Excellence Platinum Award and Laboratory Excellence Award (2017) - Institut Kimia Malaysia
- MSOSH Gold Class 1 Award 2016
- Best Poster Award, Oil Palm Phenotyping with Light Detection and Ranging - PIPOC 2017
- Anugerah Emas 3 Bintang APIC 2017 - Annual Productivity & Innovation Conference and Exposition (APIC) 2017
- ISO 9001:2015 certifications for the Production of Oil Palm Germinated Seeds and Fresh Fruit Bunch, R&D on Oil Palm Clonal and Breeding, R&D on Food Tech and Manufacturing of Fertiliser

KEY FINANCIAL REVIEW FOR 2017

Revenue

RM12,869.70 million

PBZT

RM554.18 million

The Sector's revenue declined to RM12,869.70 million from RM13,446.98 million in 2016 mainly due to lower CPO sales volume as we reduced the trading of external oil.

The Sector's Profit Before Zakat and Tax (PBZT) rose to RM554.18 million from RM233.78 million on the back of improved Fresh Fruit Bunch (FFB) production to 4.26 million MT (2016: 3.91 million MT), higher margins from CPO and Refined Bleached Deodorised Palm Kernel Oil (RBDPKO), and improved share of profits from our joint venture companies of RM5.68 million (2016: share of loss of RM27.29 million). The increase was also contributed by the Sector's gain on disposal of shares in AXA Affin.

OUR PERFORMANCE BY SECTOR: PLANTATION

Management Discussion & Analysis

OPERATIONAL PERFORMANCE YI EP

Upstream Cluster

Total Landbank

440,577 Ha

MALAYSIA: 417,999 HA
Peninsular: 253,481 Ha
Sabah and Sarawak: 164,518 Ha

INDONESIA: 22,578 HA*

** Exclude 42,000 Ha of landbanks held under joint venture*

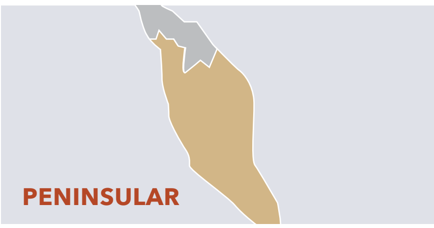
Palm (Ha)

Planted
342,420
Immature
65,884
Mature
276,536

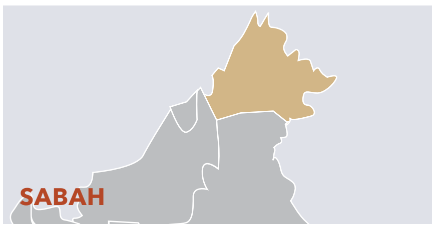
Rubber (Ha)

Planted
12,519
Immature
8,951
Mature
3,568

Mills



Number of Mills	56
Capacity (MT)	2,534

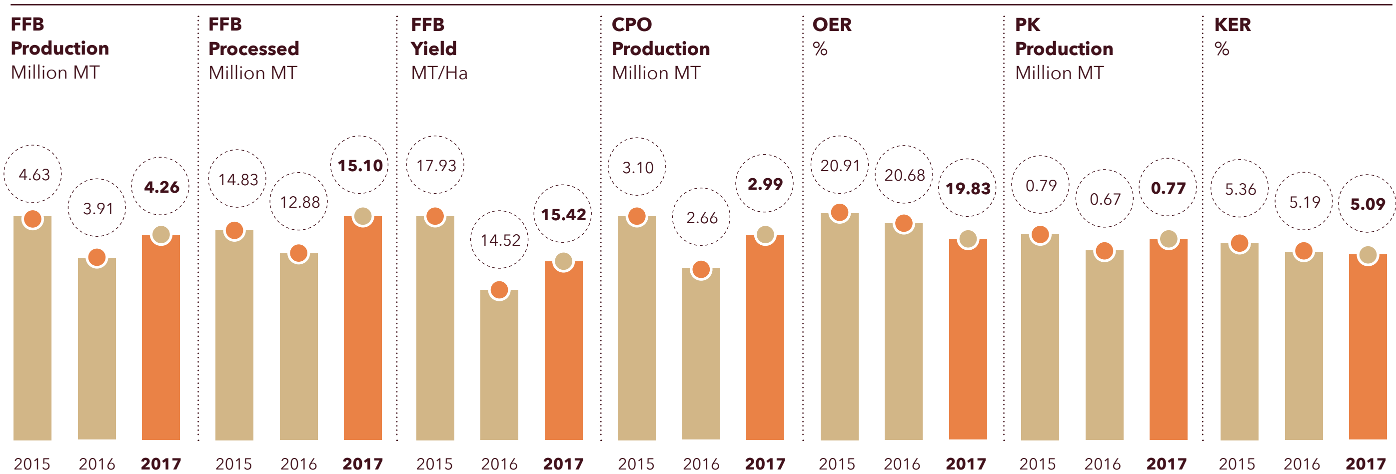


Number of Mills	11
Capacity (MT)	657

Number of Mills	2
Capacity (MT)	100

Total

NUMBER OF MILLS: 69 CAPACITY: 3,291 MT



For the year under review, the Group registered a total of 4.26 million MT FFB with average FFB yield of 15.42 MT per Ha, an increase of 9% and 6% from 2016 respectively. The improvement was a result of the maturity of more than 12,000 Ha of oil palm indicating a firm recovery from the previous effects of the *El Nino* phenomenon.

FFB processed during the year jumped 17% to 15.10 million MT as crop production recovered nationwide. This led CPO production to increase by 12% year-on-year to 2.99 million MT, whilst enabling our average CPO production cost (ex-mill) to reduce marginally to RM1,592 per MT. We recorded a reduced Oil Extraction Rate (OER) of 19.83%, due to high water content in the fruit set and lower oil-to-bunch ratio. The Kernel Extraction Rate (KER) also decreased to 5.09% from 5.19% in 2016. These declines were part of a nationwide phenomenon, as evidenced by MPOB's statistics.

During the year under review, the Group fully completed felling for its replanting programme of 13,753 Ha. The total replanted area, however, stood at 10,675 Ha only due to labour shortages faced by the estates and contractors.

Labour shortages hampered operations in early-2017, resulting in Management intensifying recruitments efforts and sourcing of workers from countries, mainly from Indonesia and Bangladesh. As at 31 December 2017, we have received more than 80% of our approved 8,000 workers quota. We envisage that our labour status will normalise by the middle of 2018.

FGV will enhance mechanisation in the areas of harvesting and in-field collection to improve labour productivity.

As a result of our continuous replanting efforts, our average oil palm age profile has improved to 14.5 years in 2017.

Our milling operations undertook various initiatives to improve our OER, including monitoring mill operations parameters to minimise oil losses and running FFB campaigns. On 16 March 2017, we organised a campaign at KS Serting Hilir for our internal and external FFB suppliers to increase FFB ripeness standards to more than 95%. Preventive maintenance measures were also carried out regularly to minimise breakdowns and ensure the steady state of our mill operations.

Under the 'Waste to Wealth' initiative, the Group almost doubled its Shell Recovery Rate (SRR) to 1% from 0.52% in 2016, producing more than 140,000 MT Palm Kernel Shells (PKS), mainly for Japan's renewable energy industry. This initiative will be continued, adding value from by-products and enabling this to be a viable new revenue stream for the mills.

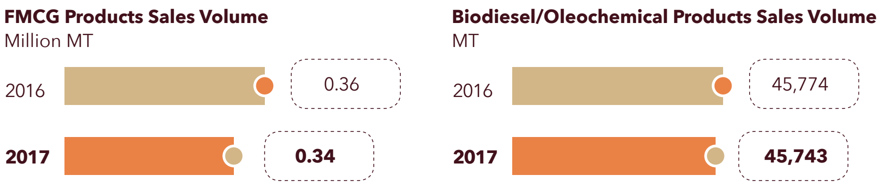
As part of our cost-rationalisation efforts, three mills have been rationalised, namely KS Kechau A, KS Fajar Harapan and KS Bukit Besar. We are closely monitoring the impact of these rationalisation efforts to ensure that this initiative meets its objectives before proceeding further.

Downstream Cluster

Our subsidiary in the Fast-Moving Consumer Goods (FMCG) segment, Delima Oil Products Sdn. Bhd. (DOP), undertook several measures to improve SAJI's domestic market share, including expanding its high-margin customer base in modern trade and HORECA (Hotel, Restaurant and Catering). This helped to achieve a gross profit before advertising and promotions (A&P) of RM76.50 million. DOP is also focused on developing new food products that provide higher margins and volumes. In 2017, six new products have been produced, i.e. *SAJI Kaya Spread, SUNBEAR Hazelnut Chocolate Spread, SAJI All-Purpose Seasoned Flour, Krimer Jagung, Krimer Tembikai Susu and SAJI Garam Gunung*.

The Ministry of Domestic Trade, Co-operatives and Consumerism (KPDNKK) on 1 November 2016 implemented the revised Cooking Oil Stabilisation Scheme (COSS) to discontinue subsidies for 2kg and 5kg cooking oil, thus eliminating manufacturer cooking oil quotas. As a result, the sales volume of 5kg cooking oil dropped by 25% in 2017. This was partially mitigated by the 18% increase in 2kg cooking oil sales volume, which reflected the increased demand for the 2kg packaging due to its affordability *vis-à-vis* 5kg cooking oil.

The cluster refines 39% of FGV's total CPO volume to produce RBD olein, cooking oil, margarine & shortenings and specialty fats for industrial usage and consumer consumption.



New brand logo for SAJI products was launched in March 2017.

Various cost-saving initiatives were implemented in 2017 at our refineries, including optimising consumption processes and logistics facilities, improving product formulation, as well as optimising the utilisation rate. These efforts increased our factory level efficiency and yielded around RM13.87 million in savings.

On the oleochemical front, we sold 35,700 MT of biodiesel through local mandates and 4,991 MT in our export markets. However, our endeavours to penetrate new markets for B10 (retail) and B7 (industrial) targeted at petroleum companies' terminals in the Central (Klang Valley Double Track) and Southern Regions (Pasir Gudang) had to be halted. This was mainly due to the difference between CPO and diesel prices in the current volatile market. Malaysia Automotive Association (MAA) is currently gathering more industry data in support of the campaign to increase biodiesel usage in automotive vehicles.

During the year under review, our US operations (TRT-US) secured five new customers in North America and shipped 6.40 million lbs. of both kosher palm and coconut fatty-acid products. We will accelerate the expansion of our kosher certification in 2018.

R&D and Agri-Services Cluster

Our R&D cluster sold 20.60 million units of Yangambi oil palm germinated seeds and maintained its share of Malaysia's seed market at 42%. Of the total, approximately 0.50 million seeds were exported to countries like Papua New Guinea, Sri Lanka, Indonesia and Thailand.

Felda Agricultural Services Sdn. Bhd. (FASSB), our cluster flagship company, entered into a partnership with PT Mitra Agro Servindo to penetrate the oil palm seed market in Indonesia. This partnership enables FASSB to export 1.30 million seeds to Indonesia from July 2017 to July 2018.

Our fertiliser division, FPM Sdn. Bhd. (FPM), continued to focus on increasing its plantation-based clients and expanding its compound fertiliser sales volume. Through aggressive marketing activities, FPM managed to register fertiliser sales of 0.72 million MT in 2017, a 4% improvement from 0.64 million MT in the preceding year.

Another prominent product under the cluster is our rat bait, known as BUTIK. In the period under review, we recorded sales of 0.27 million boxes, a 13% growth compared to 0.24 million boxes in 2016. This achievement was mainly due to extensive marketing activities that were supported by our advisory team, as well as the replanting programme undertaken by the oil palm industry.

Our innovation push was driven by initiatives such as the patented FGV Integrated Breeding Database (FIBD). This improves our agriculture yield by enabling real-time end-to-end monitoring of the oil palm breeding process. The data collected is used for analytics and management reporting.

In addition, we launched two products to address plant tissue culture needs, such as callogenesis and embryogenesis using PLANTgerminus™ and EZgrow™ for shoot and root development.

Irrigation systems covering 200 Ha of Sahabat 59 were installed to improve FFB production in dry areas and are expected to be completed in March 2018. Plans are afoot to irrigate other dry areas such as Sahabat 17 and Serting Hilir.

The cluster embarked on crop diversification through the establishment of a coconut seed garden, which will commence production in 2025. This effort will minimise the dependency on oil palm and be in line with our business plan to diversify the Group's revenue stream.

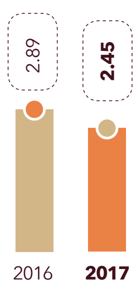
Trading

In 2017, FGVT delivered a total of 3.20 million MT CPO, Processed Palm Oil and Lauric Oil, 58% of which went to local markets and export destinations such as China, Pakistan and India. The improvement in local sales were mainly attributed from higher CPO export duties and lower demand from importing countries due to its high domestic stocks.

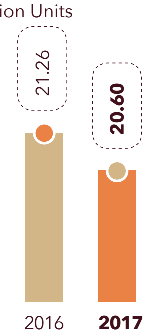
Trading margins improved during the year under review, with the adoption of initiatives which focus on internal oil and reduction in long forward sales to a maximum of one plus two months forward.

Our R&D and Agri-Services consolidate over four decades worth of research expertise towards becoming a premier frontrunner in oil palm research.

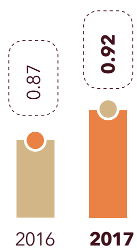
Seedlings Sales Volume
Million Units



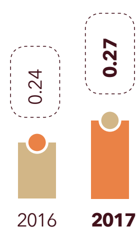
Seeds Sales Volume
Million Units



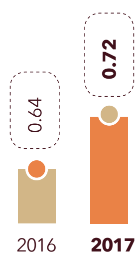
Ramets Sales Volume
Million Units



Rat Bait Sales Volume
Million Boxes



Fertiliser Sales Volume
Million MT



OUR PERFORMANCE BY SECTOR: PLANTATION

Management Discussion & Analysis

STRATEGIES IN CREATING VALUE

Upstream	Downstream	R&D
• FFB production of 4.85 million MT and CPO of 3.05 million MT • Average CPO production cost (ex-mill) of RM1,562 per MT • Replanting target of 5-6% (~15,000 Ha) of FGV's total mature area • Enhance mechanisation in the areas of harvesting and in-field collection • 28 complexes to be ready for RSPO certification • Build 527 blocks of new housing to accommodate workers • Increase PKS recovery rate to 1.20% • Rationalise two mills to improve utilisation factor	• Increase number of key wholesalers (KWS) for cooking oil by 20% from the current base of 200 KWS nationwide • Focus on producing higher-margin products such as pet food, caproic and caprylic acids • Expand Palm Kernel Expeller pallet and Palm methyl Ester market • Obtain kosher certification through kosherised fractionation system in the US oleochemical plant	• Developing higher yielding and quality oil palm seeds through strategic partnerships • Development of three new palm food based products for Downstream, which will be commercialised in 2018

UNDERSTANDING THE RISK ENVIRONMENT

SECTOR CHALLENGES IN 2017	MITIGATION ACTIONS TAKEN
Low FFB yield per hectare due to aging palm trees	Felling of 13,753 Ha and replanted 10,675 Ha of oil palm to improve the age profile.
Shortage of foreign guest workers for harvesting activities	Aggressively recruited from countries such as Indonesia, Bangladesh and India.
Competitive FFB sellers' market	Implemented measures to enhance our FFB purchasing mechanism to increase margins.
Adverse weather conditions	New methods and innovations were introduced to mitigate drought conditions.
Higher cost of production	Controlled increase in the cost of spare parts and maintenance through bulk purchasing and regular stock monitoring. Rescheduled PKE vessel arrivals to avoid extra warehouse space rental and reduce skin loss.
Brand competition in the cooking oil market	Relaunched SAJI, TIARA, and 3 Udang with new labelling. Undertook aggressive promotions via outdoor advertising and the media.

OUTLOOK AND PROSPECTS

Market Outlook for 2018

We foresee longstanding issues like worker shortages, rising operational costs and anti-palm oil campaigns in the EU to continue into 2018, as meaningful resolutions are still not forthcoming.

The average price of CPO should come within the range of RM2,400-RM2,600 per MT in 2018, which would still offer some healthy margins against our industry's average production cost of RM1,200-RM1,500 per MT of CPO. This price outlook is supported by expectations of stronger crude oil pricing, the US Federal Reserve raising interest rates, and the US Dollar's appreciation against emerging-market currencies. Severe drought conditions in Argentina in recent quarters has impacted soybean production, resulting in an estimated drop to 40 million MT, which have a knock-on effect to serve as a positive catalyst for CPO prices.

The average price of CPO should come within the range of RM2,400-RM2,600 per MT in 2018, which would still offer some healthy margins against our industry's average production cost of RM1,200-RM1,500 per MT of CPO.

We envisage CPO prices to observe sustained pressure as FFB production greatly recovers, especially seen in the last quarter of 2017. CPO stocks improved to more than 2.72 million MT in 2017 and are likely to grow to over 2.82 million MT in 2018.

Our mills processed 15.10 million MT of FFB in 2017.

UNDERSTANDING OUR BUSINESS CONTEXT

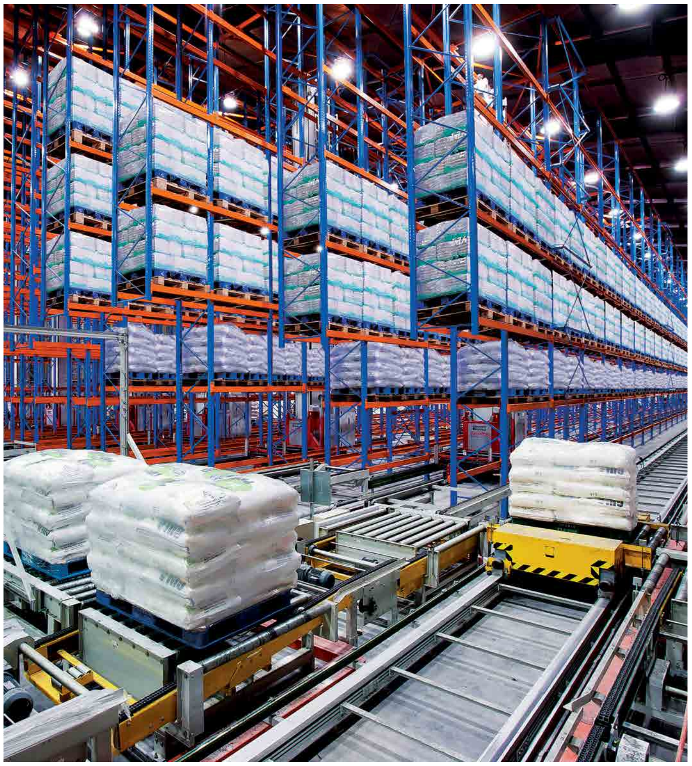
OUR PERFORMANCE BY SECTOR:
SUGAR
Management Discussion & Analysis

We aim to be the top 10 global sugar player by 2020

MSM Malaysia Holdings Berhad is the leading sugar refiner in Malaysia.

OUR PERFORMANCE BY SECTOR: SUGAR

Management Discussion & Analysis



In 2017, MSM's flagship brand, Gula Prai carries a brand value of RM576.20 million.

ABOUT THE SECTOR

Who We Are and What We Do

The Sector operates mainly through its 51% owned subsidiary, MSM Malaysia Holdings Berhad (MSM) as Malaysia's leading refined sugar producer that produces, markets and sells refined sugar products under its flagship brand, Gula Prai. MSM conducts its business principally through its subsidiaries, MSM Prai Berhad and MSM Perlis Sdn. Bhd., producing a variety of sugar products like white and brown sugar, premium white sugar and molasses.

MSM's annual production capacity presently stands at 1.25 million MT of refined sugar, commanding approximately 58% of the domestic sugar market.

Market Destinations

Malaysia, Australia, New Zealand, Lebanon, South Korea, the Philippines, Vietnam, Bangladesh, Hong Kong, the United Arab Emirates, Pakistan, Papua New Guinea, Maldives, Malta, New Caledonia, China, Singapore, Ghana, Myanmar, East Africa and Oceania countries.

AWARDS AND RECOGNITION IN 2017

- Best Brands in Manufacturing (Sugar) - The BrandLaureate Best Brands Awards 2016-2017

KEY FINANCIAL REVIEW FOR 2017

Revenue

RM2,670.56 million

PBZT

RM1.89 million

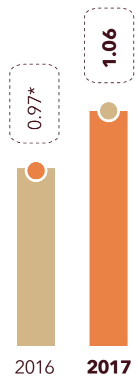
The Sector's revenue rose to RM2,670.56 million from RM2,659.54 million in 2016 mainly due to improved average selling price by 11.16%.

The Sector's Profit Before Zakat and Tax (PBZT) reduced to RM1.89 million from RM151.81 million due to increase in average raw sugar cost of RM2,131 per MT (2016: RM1,778 per MT) and the weakening Ringgit of RM4.36 per USD (2016: RM4.15 per USD).

OPERATIONAL PERFORMANCE

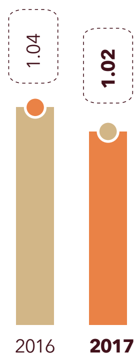
EP

Raw Sugar Import Volume
Million MT

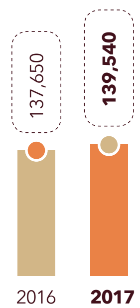


* restated

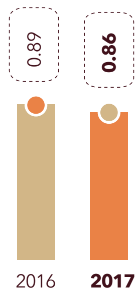
Production Volume
Million MT



Export Sales Volume
MT



Domestic Sales Volume*
Million MT



* excluding molasses

OUR PERFORMANCE BY SECTOR: SUGAR
Management Discussion & Analysis

The year under review was indeed challenging. Global sugar and foreign exchange market volatility magnified in the adverse impact on the Sector's growth. Factored with subdued global and regional macroeconomic conditions, these phenomena affected MSM's trading activities, particularly their ability to hedge foreign exchange exposure at an advantageous position. As over 80% of MSM's production cost is based on foreign exchange (USD) and the NY#11 market price of raw sugar, coupled with its heavy dependency on imports of raw sugar – these factors heavily impact the current year's performance.

On average, MSM spends around USD457 million on raw sugar purchases per year. The trading risk on the futures market again exposes the Sector to exchange rate volatility. As USD rate peaked at RM4.43 in January 2017, against the average market rate of RM4.15 in 2016, this exacerbated MSM's bottom line further.

Bearing witness to an extremely volatile global raw sugar commodity market, the average price of raw sugar spiked by 20% compared to 2016. Exposure to the price fluctuations has significantly affected the Sector's margins.

The increased sugar ceiling price by RM0.11 per kg to RM2.95 per kg in 2017 helped to offset the impact of domestic market challenges.

In 2017, the Sector's refined sugar production stood at 1.02 million MT, of which 139,540 MT were for the export market, and around 0.86 million MT catered for domestic comsumption. As part of its costs containment exercise, we managed to draw out RM15 million in operational cost savings due to improved operational and equipment efficiencies, together with numerous general and administrative cost cuts amounting RM19 million were implemented across the Sector.

We are on track to complete the Johor sugar refinery by mid-2018.

STRATEGIES IN CREATING VALUE

- Complete Johor sugar refinery for commencement of operations by mid-2018
- Increase sugar refining volume by more than 0.30 million MT for domestic and export growth
- Accelerate growth by partnering with local players in target countries
- Optimise operational efficiencies to improve cost savings in existing refineries by up to RM5 million

UNDERSTANDING THE RISK ENVIRONMENT

SECTOR CHALLENGES IN 2017	MITIGATION ACTIONS TAKEN
Exposed to unfavourable price movements due to high dependency on imported raw sugar	We constantly monitor global sugar prices and obtain industry feedback for a favourable pricing on back-to-back basis for domestic sales or forward buying.
Foreign exchange fluctuations on RM against USD	We actively monitor the foreign exchange market to capture the downward trend of MYR/USD, hence gradually averaging down the cost of buying USD to ease in for new hedging strategies for the Group's 2018 requirements.
Operational and service reliability due to aging machinery in the existing refineries	We have established a consistent schedule of maintenance and servicing of our refining machinery and we have replaced aging machinery with upgraded machines.
Competitive sales which could potentially impact market share and profit margins	We diligently monitor market demands and industry activities to ensure reliable supply and convenient delivery of high quality sugar.

OUTLOOK AND PROSPECTS

Market Outlook for 2018

Global raw sugar production is expected to remain above average of 169 million MT over the past five years contributed from higher production in major sugar producing countries due to favourable weather leading to above average yield. This will also be supported by strong crop revivals in Thailand, following weather-related shocks during the previous harvest and strong output growth in the EU as producers seek to capitalise on the newly liberalised sugar regime.

Sugar consumption for 2018 is expected to expand slightly by an average of 1.20% per annum. This pattern will continue to be underpinned by the rising incomes in the emerging markets, where urbanising populations are gradually adopting the food-drink habits of developed countries. A steady shift towards synthetic sweeteners and a growing supply of starch-based sweeteners in both Asia and Europe will dampen consumption growth in the coming years.

The price outlook for 2018 will depend heavily on supply dynamics. After peaking at over USD0.23 per lb. in late 2016, the global raw sugar price is expected to stabilise at USD0.15 per lb. in 2018. Favourable weather conditions in key producing markets are fuelling expectations of global oversupply in the coming years. Modest growth in consumption is expected to ensure raw sugar prices remain stable.

OUR PERFORMANCE BY SECTOR:
LOGISTICS AND SUPPORT BUSINESSES
Management Discussion & Analysis

We aspire to become a total logistics solutions and diversified commercial service provider

FGV stored more than 7 million MT and transported more than 5 million MT of edible oil in 2017.

UNDERSTANDING OUR BUSINESS CONTEXT

ABOUT THE SECTOR

Who We Are and What We Do

The Group's Logistics & Support Businesses (LSB) Sector supports our core business by connecting and controlling the flow of assets to drive group-wide efficiencies via three main arms: International Business, Logistics and Support Businesses (Information & Communications Technology (ICT), engineering and hospitality services).

Our Logistics arm possesses one of the world's largest bulking and storage facilities for edible oil with a capacity of 954,900 MT. It also manages approximately 30% of Malaysia's total palm oil exports. The business is instrumental to the Group's aim to be a total logistics solutions provider in Malaysia through its 433 trucks carrying liquid and cargo products, whilst building its resources in total supply chain management covering warehouses and distribution.

LSB will help to enhance FGV's performance and drive improvements in our business activities, in line with our strategic goal to grow our business in adjacent fields. This Sector was known as Logistics and Others (LO) Sector in 2017, thus the information presented in the following sections is based on this classification before we switch to reporting on LSB in next year's iteration of our AIR.

Market Destinations

Malaysia, Indonesia and Pakistan

AWARDS AND RECOGNITION IN 2017

- ISO 9001:2015 certification for Felda Johore Bulkers, Felda Transport Services and Felda Prodata Systems
- ISO 22301:2012 certification on Business Continuity Management System (BCMS)
- SAP Partners Management Cloud (PMC) Recognition as the First Company in Malaysia (Public Sector) implementing SAP S/4HANA - Hewlett Packard Enterprise

KEY FINANCIAL REVIEW FOR 2017

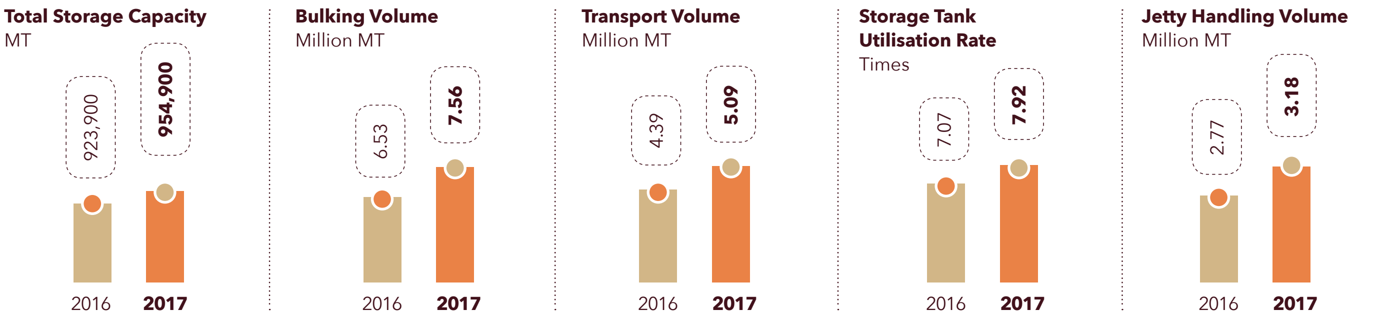
Revenue
RM1,399.45 million

PBZT
RM45.18 million

The Sector's revenue rose to RM1,399.45 million from RM1,134.76 million due to improved Group's logistics operations in tandem with the increase in Crude Palm Oil (CPO) production volumes and a higher average selling price for rubber segment.

The Sector's Profit Before Zakat and Tax (PBZT) rose to RM45.18 million from RM7.96 million in 2016 due to higher throughput handled of 7.56 million MT (2016: 6.53 million MT) and tonnage carried of 5.09 million MT (2016: 4.39 million MT) in 2017.

OPERATIONAL PERFORMANCE EP



The increase in CPO production volumes led to an improvement of the bulking and transportation activities in 2017.

During the year under review, through our subsidiary Felda-Johore Bulkers Sdn. Bhd. (FJB) and Felda Transport Services Sdn. Bhd. (FTS), we stored 7.56 million MT of oils and grains in our bulking and warehouse facilities and increased transport volume to 5.09 million MT. The increase of 16% in bulking and transport segments was contributed by the higher volume of CPO produced in 2017. Under our cost-rationalisation initiative, FJB implemented the Cost Control Programme (CCP), which capped the Group's fuel consumption at RM3.10 per MT. This contributed to cost savings of around RM6.70 million in 2017.

In 2017, we expanded our total storage capacity by 31,000 MT with the new storage tanks located in Pasir Gudang. FJB Group contributed more than 10% to the Sector's revenue.

Our subsidiary in Pakistan, FWQ Enterprises (PVT.) Ltd has completed the construction of a 38,300 MT edible oil storage facility in Port Qasim, Pakistan that is slated to commence operations in 2018. This new storage facillity will expand from solely jetty operations at present. This will also help FGV to grow its logistics-related assets and capitalise on the leadership position in the country. Since it will only be operational from 2018 onwards, its storage capacity has not been factored into total storage capacity for the year under review.

In the non-core business segment, Felda Engineering Services Sdn. Bhd. successfully set up a construction arm to undertake the development and construction of a hostel for the Malaysian Public Works Department over two years period, whilst Felda Prodata Systems Sdn. Bhd. secured three ICT contracts to supply hardware and software for a contract centre, develop a Customer Relationship Management System (CRMS) and provide ICT equipment maintenance services for 18 to 36 months.

STRATEGIES IN CREATING VALUE

- Increase handling of high-value products (e.g. oleochemicals) to more than 30,000 MT per month
- Construct new facilities to cater to demand for various oils and chemicals
- Participate in ICT logistics for mega-projects such as ECRL, MRT2 and LRT3
- Procure logistics assets to strengthen our capacity for external business

UNDERSTANDING THE RISK ENVIRONMENT

SECTOR CHALLENGES IN 2017	MITIGATION ACTIONS TAKEN
Dependence on palm production performance	Progressively reviewed and strengthened our marketing strategy and approach. We also embarked on innovation of products to diversify our income stream.
Increasing industry competitiveness (external business)	Continuously upgraded facilities to improve efficiency and confidence.
Limited business opportunities within FELDA Group and FGV Group	Diversified external income by participating in ICT and logistics for mega-projects such as ECRL, MRT2 and LRT3.
Fluctuations in raw material prices and foreign exchange rates	Filled up production capacity, trading activities put on hold and applied a strict hedging policy to reduce exchange rate exposure through specific hedging mechanisms. Controls and monitoring oversight framework are in place to ensure risk on foreign exchange transactions are consistently and actively managed.

OUTLOOK AND PROSPECTS

Market Outlook for 2018

Based on Malaysia's 2018 Budget, the country is expected to stay on a fiscal consolidation path (target fiscal deficit in December 2018 - 2.80%), which is anticipated to take place in the second half of 2018. The path is expected to support the improvement in Malaysia's credit rating, which will attract more investments into Malaysia in the long run. The execution of several mega-projects that have been announced, such as the Kuala Lumpur-Singapore High-Speed Rail (2018-2026), East Coast Rail Link (2017-2023), and expansion of several major ports including Kuantan Port Consortium in conjunction with China's Belt and Road Initiative to enhance regional connectivity, remains on track. In addition, as part of the efforts to enhance cross-border trading with Thailand, both the Bukit Kayu Hitam Immigration, Customs, Quarantine and Security complex as well as Keretapi Tanah Melayu Berhad's (KTMB) facility in Padang Besar will be expanded to facilitate higher volumes of cargo movement.

As Malaysia continues to provide a robust and attractive environment for the infrastructure segment, we expect the Sector's growth to remain stable at an average of 5.80% per annum over the next five years. Factors like the strengthening of foreign and private investment, as well as a string of ongoing high-value infrastructure projects create opportunities for us to expand our Multimodal Transport Operator (MTO) business, whilst penetrating other logistics business areas, such as inland port operations and cross-border logistics.

The Government's Logistics and Trade Facilitation Masterplan, which aims to further improve Malaysia's logistical productivity and competitiveness in the domestic and international markets, presents another source of opportunities to our Sector. A notable initiative under this plan is the Digital Free Trade Zone (DFTZ), located in the proximity of Kuala Lumpur International Airport that involves integrated logistics, warehousing, e-commerce, ICT and engineering projects. This opportunity could be capitalised on by the Sector through involvement in the activities and logistics needs of the booming e-commerce industry.

We expect Malaysia's palm oil supply to grow by 3% from 19.90 million MT to 20.50 million MT, as plantation estates continue to recover from the dry weather conditions of 2015's *El Nino*. This mirrors the anticipated increase in production of edible oils in the year ahead. Malaysia's exports are also expected to grow by 5.10% to 17.40 million MT this year. These potential developments could translate into higher income for our bulking and transportation of edible oil products.

Our bulking and storage facilities handle around 30% of Malaysia's palm oil exports.

WHAT SUSTAINABILITY MEANS TO US

Sustainability is Key to Our Long-Term Success as a Going Concern

This Sustainability Statement covers all operations of our Group in Malaysia and Indonesia. This scope has been expanded from our reporting in 2016, where we only reported on sustainability information for our Upstream activities in Malaysia and Indonesia. However, we have just initiated monitoring on sustainability performance of our non-Upstream operations in 2017. As such, their performance figures are not reported in this year's statement.

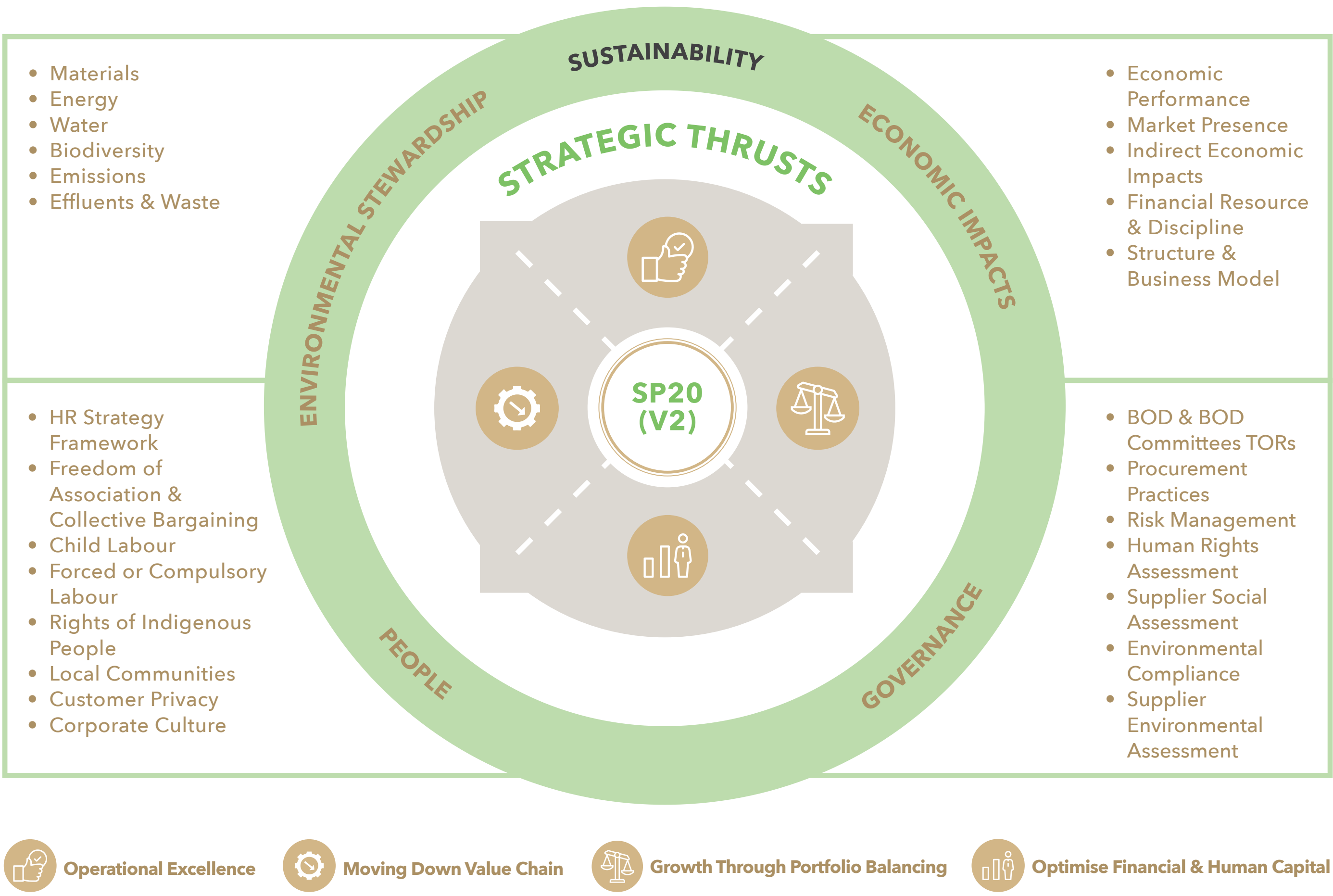
Kindly refer to 'Who We Are' on pages 4-5.

We believe that this enlarged scope enables us to present a more accurate and holistic picture as we highlight the efforts we have undertaken to embed sustainability principles throughout our Group. These principles encompass considerations in the Economic, Environmental and Social (EES) spheres. In addition, we profile some of our key accomplishments throughout the year under review.

Sustainability in Business Strategy

Our Group's Strategic Plan (SP20 (V2)), which guides the holistic development of our business strategies, embeds sustainability into every aspect of our business operations. The revised Group's vision statement 'To be among the World's Leading Integrated and Sustainable Agribusiness that Delivers Value to Customers and Stakeholders especially the Smallholders' reflects this renamed ambition. This helps ensure that the drive to achieve our economic goals is balanced with efficient resource utilisation and strict adherence to corporate guardrails. Figure 1 illustrates the interplay between these elements:

Figure 1: Embedding Sustainability into SP20 (V2) - Balancing Our Goals, Resources and Guardrails



OUR STAND ON SUSTAINABILITY

GROUP SUSTAINABILITY POLICY GE

One of our key strategies in solidifying our commitment to sustainability is the introduction of our Group Sustainability Policy (GSP), which applies to our operations, subsidiaries and contractors. This Policy embeds a holistic approach to our business management through EES principles to ensure that sustainability is embraced in all facets of our business.

ENTRENCHED SUSTAINABILITY GOVERNANCE STRUCTURE GE

Our Group practices sustainability governance at the highest level through our Board of Directors, who are accountable for our sustainability strategy and performance. The Board ensures that our SP20 (V2) takes into consideration the sustainability of the Group's business with respect to environmental, social and governance concerns. This has been clearly stipulated as one of the Terms Of References (TOR) of the Board of Directors. Our Group President/Chief Executive Officer (GP/CEO) has the overall management responsibility for sustainability, whilst our Chief Strategy Officer (CSO) ensures the overall performance of operational sustainability. Sustainability actions and their implementation are cascaded down to our business units by our Group Sustainability & Environment Department (GSED), which is under the purview of our CSO.

A Sustainability Steering Committee (SSC) was formed in 2017 to look into the day-to-day management of sustainability matters and address emerging operational issues expeditiously. The SSC is chaired by the Chief Operating Officer (COO) of the Plantation Sector.

FOSTERING A CULTURE OF INCLUSIVITY HR

As a global organisation, we are committed in developing a diverse workforce spanning a spectrum of different cultures, ethnic backgrounds, genders and ages. At the same time, we respect and welcome the distinct attributes of every individual within our workforce. Our corporate culture embraces the diversity of people in our organisation and promotes equal employment opportunities for all. We ensure that all employees and applicants for employment receive fair treatment and are not discriminated against race, nationality, religion, disability, gender, age, marital status, sexual orientation, union membership, political affiliation protected by local legislations and regulations.

OUR STRATEGIC PLAN SUPPORTS THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS (SDG).

FOCUSING ON WHAT MATTERS YI EP GE EC HR

In 2017, we made significant progress in implementing sustainability initiatives throughout our supply chain, based on the materiality assessment conducted with our Stakeholders.

The key material matters identified are Yield Improvement, Economic Performance, Governance, Ethics & Integrity, Effective Communications and Human Rights. These are important to build our customers confidence in our oil palm production process and at the same time improve our competitive edge in the oil palm business.

Kindly refer to 'Assessing Our Material Matters' which is available on pages 13-15.

Governance, Ethics & Integrity

We realised that high reputational risks may arise from any perceived weakness of corporate governance in the company, which may be due to some gaps. To address this, we intended to ensure the Group complies with the latest requirements of the Companies Act 2016 and Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Bursa Malaysia Main Market Listing Requirements (MMLR) and other relevant guidelines. We have enhanced the Group's governance through revisions to the previous policies and procedures across the organisation. At this point in time, we are in the process of reviewing the social compliance, and human rights policies and procedures.

Further information on the progress can be referred to 'The Links Between Our Material Matters, Strategy and Risks' on pages 18-19.

Engagement with our employees.

Effective Communications

In 2017, we embarked on a multi-stakeholder approach to address sustainability challenges arising from allegations relating to environmental, social and human rights issues. Pursuant to this, we continue to collaborate with our Stakeholders to enhance our sustainability commitments and this has paved the way for progressive changes in tandem with our sustainability agenda.

Economic Performance

The oil palm industry is subject to many challenges such as labour shortages and weather effects that can erode profit margins. Restricting to market access to more discerning multinational organisations that seek sustainability standards is another upcoming aspect that one should not take lightly. Therefore, sustainability certifications such as the Roundtable on Sustainable Palm Oil (RSPO) and the International Sustainability and Carbon Certification (ISCC) play an important role in widening market access and premiums for palm products.

Upon obtaining our own RSPO membership in December 2016, we have taken steps to recertify our complexes. We have certified eight complexes as of December 2017, and will continue this effort until we achieve full certification by 2021.

Our supply chain is very important to the sustainability of our operations since almost 70% of our Fresh Fruit Bunch (FFB) is sourced from external parties. To ensure the sustainability along our supply chain, we conducted numerous engagements to train our suppliers and buyers on Good Agricultural Practices (GAP), improving social and human rights elements and other sustainability aspects throughout FGV's palm oil value chain.

FGV is working towards knowing all palm sources within our supply chain and providing this information on an online platform called FGV-Traceability of Product (FGV-ToP). FGV-ToP is being developed in three phases. The first phase has been completed, which allows traceability to mill as an intermediary step in achieving full traceability. The second phase will trace the product to the plantation level owned by FGV and FELDA. The final phase will allow traceability up to the plantations of Smallholders and outgrowers.

Human Rights

Enhancing the Social and Human Rights elements in the practices at the plantation operations has been one of the main focuses of FGV since 2016. We engaged with The Forest Trust (TFT) in reaching a few objectives. These include (i) identifying the gaps which existed in the operations and (ii) recommending action plans to eliminate or reduce the gaps identified. The exercise was completed in the first quarter of 2017 with some suggestions for improvements.

In March 2017, FGV sealed a Memorandum of Understanding (MoU) with the Malaysian Human Rights Commission (SUHAKAM). The collaboration is for the two organisations to co-operate to ensure the Social and Human Rights elements at our plantation operations are enhanced. Using the TFT findings as the baseline, FGV team and SUHAKAM have developed the FGV Social Compliance & Human Rights Action Plan (SCHR Action Plan) and subsequently approved it for implementation in August 2017.

The SCHR Action Plan focuses on both internal and external improvements. Contractors in the FGV's value chain have been briefed on the revised contract agreements to ensure foreign guest workers under their payroll are treated fairly. The revised contracts put a great deal of emphasis on the minimum wage structure, employment contract, conducive housing, provision of sufficient and suitable Personal Protective Equipment (PPE) and returning of passports.

FGV embarked on recruitment drives to encourage local workers, especially the new generation of settlers, to consider a career in the plantation industry and reduce our dependency on foreign guest workers.

Labour Shortage Affecting Yield Improvement

Our FFB yield is highly contingent on labour availability, which was sub-optimal in the year under review. Though we had made efforts to raise our foreign guest workers quota, this process required substantially more time than expected, resulting in the insufficient supply of workers at our plantations.

As such, FGV embarked on recruitment drives to encourage local workers, especially the new generation of settlers, to consider a career in the plantation industry and reduce our dependency on foreign guest workers.

Although the initiative had started a few years ago, for 2017, in conjunction with *Sambutan Hari Peneroka Kebangsaan*, FGV featured a recruitment booth and campaign, which continued to a few regional levels.

Further information on Yield Improvement can be referred to 'Our Performance by Sector: Plantation' on pages 36-45.

Environmental Stewardship

Our continuous efforts in managing the environmental impacts are a reflection of how we take our responsibility to our Stakeholders seriously. One of the key concerns of our Stakeholders was our Group's commitment to the development of peatland. To address this concern, in August 2017, we revised our GSP and reaffirmed our commitment to not planting on peatland, irrespective of size, depth and when the lands were purchased or owned by the Group.

In the existing operations, we strive to reduce our environmental impact as much as possible, especially on waste generation, water management and Greenhouse Gas (GHG) emissions. As for the GHG emissions from our oil palm mills, we were able to reduce as much as 70% of GHG emission in 2017 as compared to our base year in 2014 .

FGV is also committed to ensure all new developments do not encroach into areas that are environmentally sensitive or under protection, such as primary forests, wildlife reserves, peatlands, or land containing any High Conservation Value (HCV) elements. As such, we are proactively engaging in awareness and education programmes to disseminate our policies on the protection of natural habitats. We have organised collaborations with government agencies and non-governmental organisations (NGOs) through our partnerships with Borneo Conservation Trust (BCT) and Sabah Wildlife Department (SWD) for the Sabah Mega Biodiversity Project, The Sun Bear Conservation Project (SBCP) as well as The Rafflesia Conservation & Interpretive Centre (RCIC) Project.

CONTRIBUTION TO THE OIL PALM INDUSTRY GE EC

RSPO is the first non-profit organisation that has created a multi-stakeholder platform for driving sustainability in the oil palm trade. The RSPO Principles and Criteria (P&C) are the most widely used sustainability standards with about 20% of palm oil globally certified to this standard. FGV has been involved actively in RSPO since its establishment in 2003. These include the development of its P&C in 2005, the first review in 2012 and the second review in 2017. Apart from that, our continued representation in the Emission Reduction Working Group (ERWG), Biodiversity and HCV Working Group (BHCV) and Labour Rights Task Force in 2017 enabled us to provide valuable information for the advancement of P&C standards directly and the oil palm industry indirectly.

FGV is playing a vital role in the development of the oil palm industry in Malaysia through our participation in developing Malaysian Sustainable Palm Oil (MSPO), the national standards for oil palm. Apart from that, we actively participate in numerous committees, dialogues and consultative sessions with Malaysian Palm Oil Association (MPOA), Malaysian Palm Oil Board (MPOB), Malaysian Palm Oil Council (MPOC) and Malaysian Palm Oil Certification Council (MPOCC).

MOVING FORWARD

As FGV ventures forth into 2018 and beyond, we are committed to strengthen and expand our sustainability agenda much further. With the SP20 (V2) and GSP as our guides, we are excited about all that we can potentially achieve on the Economic, Environmental and Social fronts.

FGV's sustainability initiatives and our progress can be found in the FGV Sustainability Report 2016/17, which is available on our website, www.feldaglobal.com/sustainability/stakeholders-engagement/reports/

STATEMENT BY THE BOARD

This Statement is made in accordance with a resolution of the Board of Directors and approved at the Board meeting dated 28 March 2018.

CHAIRMAN'S GOVERNANCE OVERVIEW

COMMITTED TO THE HIGHEST STANDARDS OF GOVERNANCE

CONTENTS

As this is my first year as the Chairman of the Board of Directors (the Board) of Felda Global Ventures Holdings Berhad (FGV or the Company), I am pleased to present, on behalf of the Board, the Corporate Governance Overview Statement (CG Statement) for the financial year ended 31 December 2017.

Integrity and accountability are at the heart of everything we do and are integral to creating long-term value for our shareholders. The Board endeavours to spend quality time on those aspects of governance that contribute most to the success of the Company; the development of a strategy with an attractive value creation potential, having the right people and processes for its successful implementation, monitoring progress against plan and managing risk in an ever more volatile external environment.

BOARD CHANGES AND DIVERSITY

Much has happened in the year that has passed.

In the context of the Board changes that occurred during the year and in order to ensure that the Board continued to represent the right mix of skills, experience and background, the Nomination and Remuneration Committee reviewed the balance and composition of the Board. Following this review, aside from my tenure as Chairman of the Board, we were pleased to welcome Dato' Sri Abu Bakar Harun, Dato' Ab Ghani Mohd Ali and Datuk Muzzammil Mohd Nor, together they represent FGV's major shareholder. Datuk Muzzammil Mohd Nor is the Alternate Director to Dato' Ab Ghani Mohd Ali. Additionally, we welcome four new Independent Non-Executive Directors to the Board; Datuk Dr. Salmiah Ahmad, Dr. Mohamed Nazeeb P.Alithambi, Datuk Mohd Anwar Yahya and Dr. Nesadurai Kalanithi. The Board has strengthened to 11 Directors, with the majority being Independent Directors and in line with our aspiration to have greater female representation on our Board, we now have three female Directors. Such experience and skills will be invaluable as FGV and its Group of Companies (FGV Group or the Group) seeks to progress its ambitions in the coming years.

CULTURE AND GOVERNANCE

The Board is committed to ensuring there is a strong and effective system of corporate governance in place to support the successful execution of FGV's Strategic Plan. During the period under review (and as of the date of publication of this CG Statement), save for what has been highlighted in the Corporate Governance Report (published on our website), we have in principle, complied with the majority of provisions and applied the main principles of the Malaysian Code on Corporate Governance 2017 (MCCG 2017). Where we have not complied, we explain an alternative and provide a timeframe on meeting compliance.

This CG Statement should be read in conjunction with our Corporate Governance Report, which is available on our website, www.feldaglobal.com.

Good governance and a commitment to operate with integrity is central to our culture, at all levels and in all parts of our business. The environment in which we operate evolves continuously, shaped by emerging trends in consumer

CHAIRMAN'S GOVERNANCE OVERVIEW

HIGHLIGHTS

Alignment with Bursa Malaysia's Corporate Governance Guide 2017: Moving from aspiration to actualisation

We have structured this year's CG Statement in the following way, based upon the principles set out in the MCCG 2017 and Bursa Malaysia's Corporate Governance Guide 2017.

This CG Statement should be read in conjunction with the Corporate Governance Report, which is available on our website, www.feldaglobal.com.

Leadership and Effectiveness

Pages 63-82

Accountability

Pages 83-93

Remuneration

Pages 94-98

Relations with our Stakeholders

Pages 99-100

Integrity in Corporate Reporting

Page 101

behaviours and expectations, shifts in regulatory and legal requirements and changing attitudes towards the role of large companies in society. Our internal culture evolves accordingly as we seek to ensure that the way in which we work conforms to our many stakeholders' highest expectations. Everyone who works with us is required to comply with our Business Principles (the values we respect) and our Code of Conduct (the behaviours we expect) at all times, reinforced through FGV's core values, which drives the type of organisation we want to be. The Board and the Executive Committee (EXCO) are critical in setting the tone of the organisation and play a key role in embedding our culture throughout the Group, in order to ensure that FGV's reputation is protected effectively.

The success of our business is dependent on the Board taking decisions for the benefit of its members as a whole and in doing so having regard for all its stakeholders: its employees, suppliers, customers and community especially smallholders. This is consistent with the Group's core and sustainable business objectives.

It is always rewarding to see instances of our governance being recognised externally. I am delighted that FGV was the winner of the Best Industry Excellence Award Plantation and Mining Category at the NACRA awards, in addition to winning Bronze Award at the Australasian Reporting Awards. We will always strive to ensure that our governance processes are in line with the latest best practices and that our approach to disclosure is clear and transparent.

LISTENING TO OUR STAKEHOLDERS

Effective communication with our stakeholders is fundamental to our success. We strive to communicate our strategy and activities clearly to all our shareholders. We also welcome active engagement with all of our stakeholders to answer their questions and receive their feedback.

Further details of our approach to stakeholder engagement can be found on pages 13-15.

THE YEAR AHEAD

The Board remains committed to ensuring the highest standards of corporate governance across the Group in all aspects of delivering our strategy. I am confident that the Directors and our senior leaders fully understand that how we work is as important as what we achieve and that, throughout the organisation as a whole, there is a rigorous focus on the importance of compliance and integrity when meeting the challenges, and seizing the opportunities, over the year ahead.

Datuk Wira Azhar Abdul Hamid

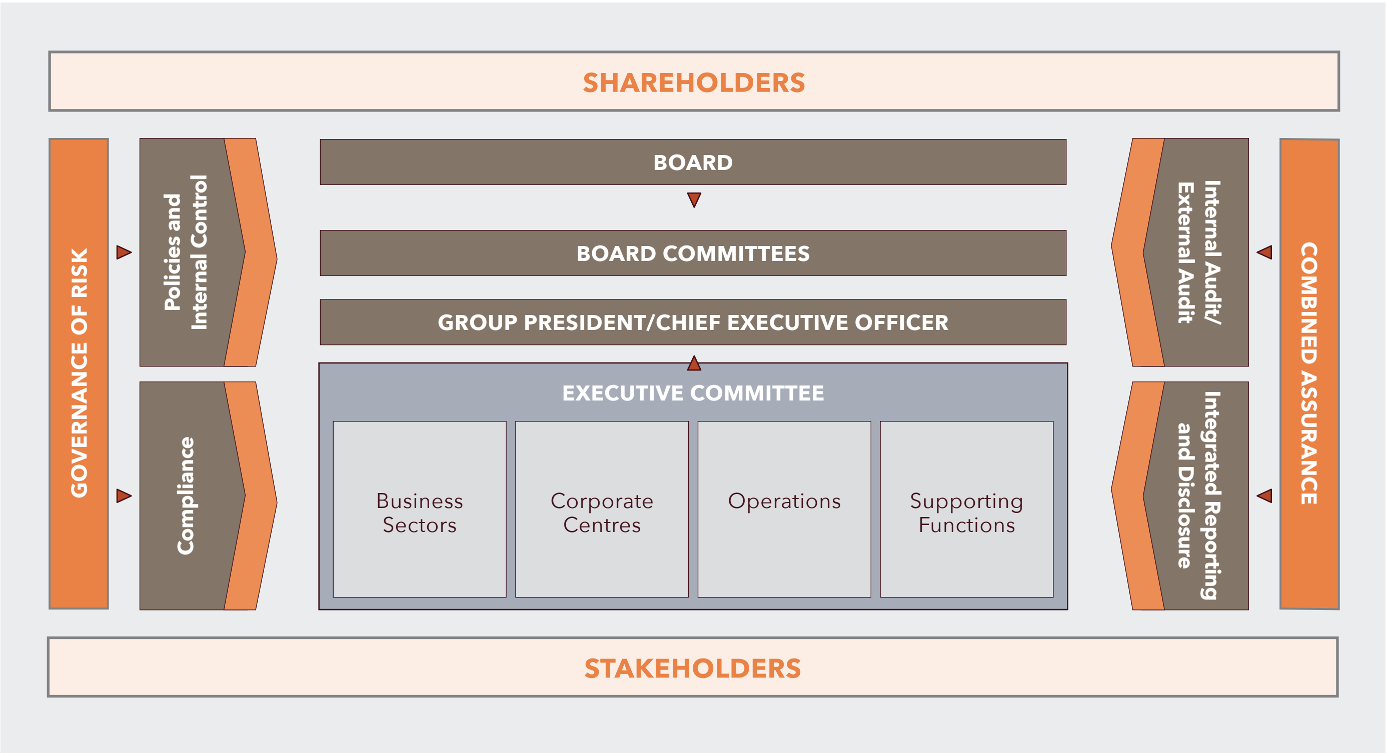
Chairman, Non-Independent Non-Executive Director

OUR GOVERNANCE FRAMEWORK

THE BOARD OF FGV IS COMMITTED IN DELIVERING A REASONABLE RETURN TO ITS SHAREHOLDERS AND FULFILLING ITS CORPORATE GOVERNANCE OBLIGATIONS AND RESPONSIBILITIES IN THE BEST INTEREST OF THE COMPANY AND ITS STAKEHOLDERS.

This CG Statement details the key aspects of the Governance Framework and practices of FGV. FGV Group regularly reviews its practices to ensure its consistency reflects market practice and stakeholder expectations.

One of the essential components of the Governance Framework is the clarity of roles between the Board of Directors, the Group President/Chief Executive Officer (GP/CEO) and the EXCO. The Board guides the strategic direction of FGV Group, and monitors the progress in the execution of the business strategies. The Board ensures that the Group complies with the requirements of the Companies Act 2016 and MCCG 2017 as well as the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities), together with any other legislative requirements and documents within the ambit of the Governance Framework.



OUR BOARD

REPRESENTATIVES OF FGV'S SPECIAL SHAREHOLDER

DATUK WIRA AZHAR ABDUL HAMID

Chairman,
Non-Independent Non-Executive Director

Malaysian, 56, Male

Tenure: Less than 1 year

Skills and Qualification:
Datuk Wira Azhar Abdul Hamid is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a Member of the Malaysian Institute of Accountants (MIA). He brings to the Board of Directors his thorough knowledge of business, strategy developed through his stints at various plantation businesses and other listed entities.

Directorship in public companies:
Chairman of MSM Malaysia Holdings Berhad, Director of Icon Offshore Berhad, Hume Industries Berhad and Hong Leong Bank Berhad.

DATO' ZAKARIA ARSHAD

Group President/Chief Executive Officer,
Non-Independent Executive Director

Malaysian, 58, Male

Tenure: Less than 2 years

Skills and Qualification:
Dato' Zakaria Arshad brings to the Board of Directors home grown leadership experience established through his years in supervisory positions in the Group. He also offers his wealth of industry insights in his role as advisor and member to several trade associations, and has established international business ties through his stints in the Senior Management Development Programme Harvard Business School, USA, Fellow International Society of Nanoscience, Cambridge, United Kingdom, and Corporate Partnership Programme Pembroke College, the University of Cambridge, United Kingdom.

Directorship in public companies:
Director of MSM Malaysia Holdings Berhad, Managing Director of Felda Holdings Bhd and Director of Pontian United Plantations Berhad.

DATUK SITI ZAUYAH MD DESA

Non-Independent
Non-Executive Director

Malaysian, 58, Female

Tenure: Less than 2 years

A T S

Skills and Qualification:
Datuk Siti Zauyah Md Desa provides to the Board of Directors expertise in contract management, privatisation, loan management and financial policy, infrastructure investments, and quantity surveying, as well as leadership experience gained in her senior positions at the Malaysian Ministry of Finance. She holds a Master of Business and Administration (International Banking), from the University of Manchester, United Kingdom and was trained in the National Institute of Public Administration (INTAN), Malaysia.

Directorship in public companies:
Director of Johor Corporation Berhad, Bank Kerjasama Rakyat Malaysia Berhad, Felda Holdings Bhd, Bintulu Port Holdings Berhad, Pengurusan Aset Air Berhad and Alternate Director of Johor Petroleum Development Corporation Berhad.

SKILLS AND EXPERIENCE

Upstream Business	Financial Acumen	Governance	Legal and Mergers & Acquisitions
Public Policy and Regulatory	Strategy and Risk	Corporate Knowledge	Global Experience

MEMBERSHIP IN BOARD COMMITTEES

A Audit Committee N Nomination and Remuneration Committee G Board Governance & Risk Management Committee

REPRESENTATIVES OF FGV'S MAJOR SHAREHOLDER

DATO' SRI ABU BAKAR HARUN
Non-Independent
Non-Executive Director

Malaysian, 57, Male

Tenure: Less than 1 year

N

Skills and Qualification:
Dato' Sri Abu Bakar Harun brings to the Board of Directors his extensive government links and solid understanding of official administration cultivated in his positions as State Assemblyman of Chini, Pahang and Chairman of Pahang State FELDA Affairs Committee. He holds an Accounting Certificate from Maktab Kerjasama Malaysia.

DATO' AB GHANI MOHD ALI
Non-Independent
Non-Executive Director

Malaysian, 60, Male

Tenure: Less than 1 year

I

Skills and Qualification:
Dato' Ab Ghani Mohd Ali is a homegrown talent and brings to the Board of Directors his sound understanding of the various facets of the Group's operations, having had experience on the ground in the early part of his career and Deputy Director General positions in community and economic development.

DATUK MUZZAMMIL MOHD NOR
Alternate Director

Malaysian, 46, Male

Tenure: Less than 1 year

Skills and Qualification:
Datuk Muzzammil Mohd Nor brings to the Board of Directors expertise in operational management, investments and financial control, having served in the national asset management company as well as several senior positions in FELDA, amongst others. He holds a Bachelor of Accounting (Hons.) from the University of Malaya.

Directorship in public companies:
Director of Encorp Berhad.

TENURE

Less than 1 year | 1-2 years | 3-4 years | More than 6 years

I Investment Committee
T Board Tender Committee
S Special Board Committee

OUR BOARD

REPRESENTING MINORITY SHAREHOLDERS AND THE PUBLIC

DATO' YAHAYA ABD JABAR
Senior Independent
Non-Executive Director

Malaysian, 65, Male

Tenure: More than 6 years

A N G

Skills and Qualification:
Dato' Yahaya Abd Jabar brings to the Board of Directors his extensive international ties established through his years of overseeing Malaysia's foreign affairs in the positions of High Commissioner and Ambassador to various nations in the African and Middle East regions. He has also been Alternate Member of the Malaysian delegation to the 56th General Assembly of the United Nations in New York and Chief Protocol at the Ministry of Foreign Affairs. He holds a Bachelor of Arts (Hons.) in International Relations from the University of Malaya.

DATO' MOHAMED SUFFIAN AWANG
Independent
Non-Executive Director

Malaysian, 46, Male

Tenure: More than 3 years

N I T

Skills and Qualification:
Dato' Mohamed Suffian Awang brings to the Board of Directors extensive government links and expertise in the fields of law and public administration, having actively contributed his insights to two law firms and the Perumahan Rakyat 1Malaysia (PR1MA) initiative. He holds a Bachelor of Laws (Hons.) from the Universiti Teknologi Mara, and a Diploma in Public Administration from the Universiti Teknologi Mara.

Directorship in public companies:
Chairman of Pecca Group Bhd and Director of Koperasi Permodalan Sukarelawan Kuala Lumpur Bhd.

DATUK DR. SALMIAH AHMAD
Independent
Non-Executive Director

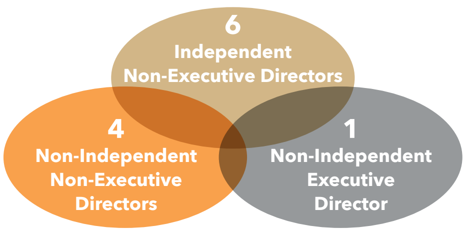
Malaysian, 62, Female

Tenure: Less than 1 year

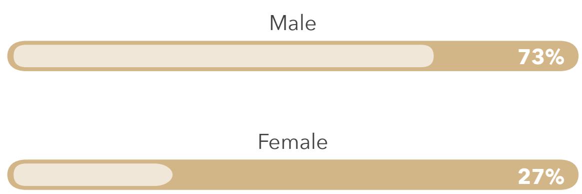
G

Skills and Qualification:
Datuk Dr. Salmiah Ahmad provides to the Board of Directors her prolific scientific background and keen analytical insights, having taken up research positions in research institutes as well as the Director General of Malaysian Rubber Board and Deputy Director General of Malaysian Palm Oil Board (MPOB). She also has international leadership experience, having headed the International Rubber Consortium for two years as Chief Executive Officer. She holds a Ph.D. in Physical Chemistry from the Chemical Engineering Department of Imperial College, London, United Kingdom and Executive MBA from the Asian Institute of Management, the Philippines.

BOARD BALANCE AND COMPOSITION



GENDER DIVERSITY



MEMBERSHIP IN BOARD COMMITTEES

A Audit Committee
N Nomination and Remuneration Committee
G Board Governance & Risk Management Committee

DR. MOHAMED NAZEEB P.ALITHAMBI

Independent
Non-Executive Director

Malaysian, 65, Male

Tenure: Less than 1 year

I T S

Skills and Qualification:
Dr. Mohamed Nazeeb P.Alithambi brings to the Board of Directors a science background as well as expertise in research, agronomy, as well as operations and plantations management cultivated mostly during his stint with Sime Darby Plantation Sdn Bhd. He also had research and teaching experience in the University of Malaya, Malaysian Agricultural Research and Development Institute (MARDI), and Universiti Kebangsaan Malaysia. He holds a Ph.D. in Agronomy from the University of Malaya.

DATUK MOHD ANWAR YAHYA

Independent
Non-Executive Director

Malaysian, 63, Male

Tenure: Less than 1 year

A S

Skills and Qualification:
Datuk Mohd Anwar Yahya brings to the Board of Directors audit, financial management, and management consulting expertise established through his stints with prestigious audit firms as well as Kelantan State investment and development bodies. He holds a Bachelor of Science (Hons.) in Economics & Accountancy from the University of Hull, United Kingdom and is a Member of three accounting professional bodies in the United Kingdom and Malaysia.

Directorship in public companies:
Director of Maybank Islamic Berhad and Fraser & Neave Holdings Bhd.

DR. NESADURAI KALANITHI

Independent
Non-Executive Director

Malaysian, 61, Female

Tenure: Less than 1 year

S

Skills and Qualification:
Dr. Nesadurai Kalanithi provides to the Board of Directors a diverse mix of scientific research, product development and advisory, as well as diplomatic expertise, having held stints in the University of Melbourne, Australia and the Malaysian Palm Oil Board (MPOB) before becoming Minister/Regional Manager Europe, Embassy of Malaysia and Mission of Malaysia to the European Union. She holds a Ph.D. in Biochemistry and Molecular Biology from the University of Reading, United Kingdom.

None of the Directors have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder, or have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Full biographical details of each Director with information on date of appointment to the Board, membership in Board Committees, qualification, working experience and occupation, directorship in other public companies and number of Board Meetings attended in the financial year are available on our website, www.feldaglobal.com.

Board Activities are listed out on pages 70-71

Kindly scan the QR code to view the full biographical details of each Director.

I Investment Committee T Board Tender Committee S Special Board Committee

BOARD ROLES AND MEETING ATTENDANCE

THE ROLE OF THE BOARD

The Board is responsible for the overall conduct of the Group's business and has the powers and duties set out in the Board Charter. Broadly, the Board reviews and adapts a sustainable Strategic Plan for the Group's business, oversees the conduct of the Group's business, identifies key risks and ensures the implementation of appropriate controls and mitigation measures, reviews succession planning, appointments of Board Members, Board Committee Members, Board Members of FGV's subsidiaries and Key Senior Management, oversees the development and implementation of investor relations programmes and Shareholders Communication Policy, reviews the adequacy and the integrity of management information.

OVERVIEW OF ROLES ON THE BOARD

CHAIRMAN
Primary role is to preside over meetings of Directors and ensure the smooth functioning of the Board in the interest of good corporate governance.

GP/CEO
Plays a pivotal role in ensuring that matters that have been delegated to management are efficiently executed.

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Point of contact for Shareholders and other Stakeholders to convey their concerns.

INDEPENDENT NON-EXECUTIVE DIRECTORS
Protects the interests of minority shareholders and contributes significantly to a company's decision-making by bringing in the quality of detached impartiality.

NON-EXECUTIVE DIRECTORS
Acts as a bridge between management and Stakeholders, particularly Shareholders.

MEETING ATTENDANCE DURING THE DIRECTORS' TENURE

DIRECTORS	Percentage
Datuk Wira Azhar Abdul Hamid[1]	100%
Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad[2]	100%
Dato' Zakaria Arshad[3]	40%
Datuk Siti Zauyah Md Desa	88%
Dato' Sri Abu Bakar Harun[4]	54.5%
Dato' Ab Ghani Mohd Ali[5]	72.7%
Datuk Muzzammil Mohd Nor[6] (Alternate Director to Dato' Ab Ghani Mohd Ali)	-
Datuk Dr. Omar Salim[7]	73.9%
Dato' Yahaya Abd Jabar	100%
Tan Sri Dr. Sulaiman Mahbob[8]	84%
Datuk Noor Ehsanuddin Mohd Harun Narrashid[9]	93.8%
Dato' Mohamed Suffian Awang	100%
Dato' Mohd Zafer Mohd Hashim[10]	95.5%
Datuk Dr. Salmiah Ahmad[11]	100%
Dr. Mohamed Nazeeb P.Alithambi[12]	100%
Datuk Mohd Anwar Yahya[13]	100%

Board Activities can be found on pages 70-71

The division of roles between the Chairman and the GP/CEO can be found in the Corporate Governance Report on our website, www.feldaglobal.com.

NOTES :
1 *Appointed as Director and Chairman on 8 September 2017.*
2 *Resigned as Director and Chairman on 19 June 2017.*
3 *Dato' Zakaria Arshad was granted leave of absence and he was relieved from all his capacities as GP/CEO and/or Director to act for FGV Group including all its subsidiaries with effect from 6 June 2017 until 15 October 2017.*

HOW WE ARE GOVERNED

MEETING ATTENDANCE

During the FYE 2017, the Board met 25 times to deliberate and consider a variety of significant matters that required its guidance and approval. All Directors attended more than 50 percent of Board Meetings held in the FYE 2017 and have complied with the Bursa Securities Listing Requirements save for Dato' Zakaria Arshad who was granted leave of absence from 6 June 2017 until 15 October 2017.

The attendance of the respective Directors in respect of the Board Meetings and Board Committees Meetings held during the FYE 2017 is set out below:

FOR FYE 2017

Number of Board Meetings attended (during the Directors' tenure)	Audit Committee	Nomination and Remuneration Committee	Board Governance & Risk Management Committee	Investment Committee	Board Tender Committee
6/6	-	-	-	-	-
9/9	-	-	-	-	-
10/25	-	-	-	-	-
22/25	9/9	-	-	-	4/4
6/11	-	0/3	-	-	-
8/11	-	-	-	0/1	-
1/11	-	-	-	-	-
17/23	-	-	3/6	-	-
25/25	9/9	13/13	6/6	-	-
21/25	-	-	6/6	-	-
15/16	-	6/8	-	3/4	-
25/25	1/1	13/13	-	5/5	3/4
21/22	7/7	-	-	5/5	2/2
2/2	-	-	-	-	-
2/2	-	-	-	-	1/1
1/1	1/1	-	-	-	-

● Chairman ● Member

4 Appointed as Director on 12 July 2017.
5 Appointed as Director on 12 July 2017.
6 Appointed as Alternate Director to Dato' Ab Ghani Mohd Ali on 12 July 2017.
7 Resigned as Director on 23 November 2017.
8 Resigned as Director on 1 March 2018.
9 Resigned as Director on 24 August 2017.
10 Resigned as Director on 31 October 2017.
11 Appointed as Director on 31 October 2017.
12 Appointed as Director on 31 October 2017.
13 Appointed as Director on 23 November 2017.

BOARD ACTIVITIES

WHAT THE BOARD DID THIS YEAR

Board activities are structured to develop the Group's strategy and to enable the Board to support executive management on the delivery of the Group's strategy within a transparent Governance Framework. Key matters considered by the Board in 2017 are as follows:

Strategy, Risk and Sustainability

- Business Rationalisation Plan to enhance future corporate performance
- Quarterly Risk Report
- Risk Appetite Statement
- Risk register and top 10 risks
- Governance Quantum Leap
- Organisation structure and Key Senior Management movements
- Updates on sustainability matters
- Sustainability certifications
- Social Compliance and Human Rights Action Plan
- Group-wide Cost Optimisation Exercise
- Manpower shortage in plantation sector

Investments and Divestments

- Investment proposals in accordance with FGV Group's Discretionary Authority Limits including their funding requirements
- Divestment/dissolution proposals of FGV subsidiaries, joint venture and associate companies
- Memorandum of Understanding (MoU)

Succession Planning, Appointments and Remuneration

- Review Board composition
- Appointment of Government Appointed Director/ Chairman
- Appointment of Directors representing FGV's major shareholder
- Appointment of new Independent Directors
- Remuneration package of the Chairman
- Appointment of new Chairman of Audit Committee
- Revision of composition of the Board Committees of FGV
- Board Performance Evaluation (assessment of the effectiveness of the Board, Board Committees and Individual Directors and Independent Directors of FGV Board)
- Re-election of Directors
- Annual fees for the Board and the Board Committees
- Change of directorship in FGV Group
- Promotion of the Group's Top Management positions
- Performance bonus and annual salary increment for GP/CEO
- Performance bonus and annual salary increment for employees of FGV Group
- Extension of the Fixed Term Contracts for the Group's Top Management
- Medical facilities
- Long Term Incentive Plan

Financial

- Financial Statements for the FYE 2016
- Quarterly Report on Consolidated Results
- Final Dividend for the FYE 2016 and Interim Dividend for the FYE 2017
- FGV Group's recurrent related party transactions
- Re-appointment of external auditor for the FYE 2017
- Audit Fee for FGV and FGV Group for the FYE 2017
- FGV and FGV Group's financial performance against budget, forecasts and key performance targets
- Unrated Sukuk Wakalah Programme

Governance

- Board Charter, Terms of Reference of Board Committees, Terms of Reference of the EXCO, FGV Group Human Resources Policies, the FGV Group's Discretionary Authority Limits, Finance Policies and Procedures, Business Continuity Management Policy and Framework, Code of Business Conduct and Ethics for Employees and Group Sustainability Policy
- Schedule of FGV Board Meetings for the year 2018
- Status of compliance of Board governance
- Material litigation updates within the Group
- Formation of new Board Committees

Annual Integrated Report 2016

- Chairman's Statement, Management Discussion & Analysis, Corporate Governance Statement, Board Committees' Reports, Statement on Risk Management and Internal Control and Sustainability Statement for inclusion in the Annual Integrated Report 2016
- Formation of a Reporting Committee for Annual Integrated Report 2017

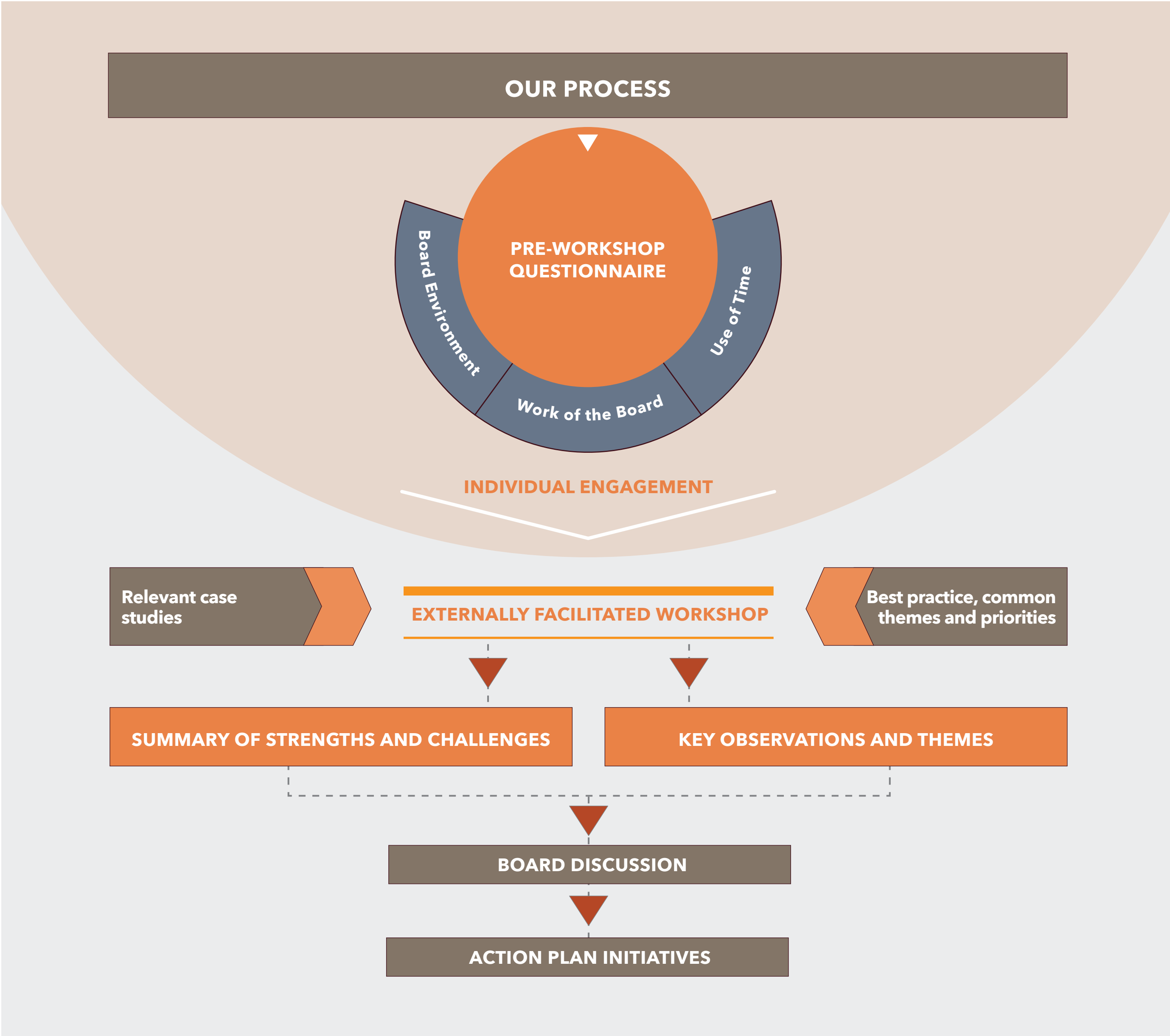
Others

- Domestic Inquiry against GP/CEO, Group Chief Financial Officer (GCFO) and another two employees
- Voluntary Separation Scheme (VSS) exercise for FGV Group

PRIORITIES FOR FY2018

- Board and Senior Management succession planning
- Review the Group's Strategic Plan by taking into account operational challenges, pertinent internal and external factors, the fluidity of industry and market dynamics and guided by four strategic thrusts as follows:
  1. operational excellence
  2. moving down value chain
  3. growth through portfolio balancing
  4. optimise financial and human capital

BOARD PERFORMANCE EVALUATION



BOARD ACTION PLAN EXECUTED

- Increased women Directors from one (1) to three (3)
- Enhanced Board composition with the appointment of new Independent Directors with mixed skill sets and experience

More information on the Board Performance Evaluation process can be found in the Corporate Governance Report on our website, www.feldaglobal.com.

BOARD INDUCTION AND TRAINING

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Induction programmes were conducted for newly appointed Directors via briefings by the EXCO members to provide the Directors with the necessary information to assist them in their understanding of the operations of the Group, current issues and corporate strategies as well as the management structure of the Group. All Directors have attended and successfully completed the Mandatory Accreditation Programme as required by the Bursa Securities Listing Requirements.

All Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure Directors keep abreast with new developments and legislations affecting the business to enhance their skills and knowledge. On an on-going basis, the Company identifies conferences and seminars which are beneficial for the Directors to attend. The Company provides a dedicated training budget for Directors' continuous development.

The Directors are also encouraged to attend appropriate external or internal training on subject matters that may aid the Directors in the discharge of their duties as Directors.

During the year 2017, the Directors have attended the following training programmes, as deemed necessary, to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively:

Training programmes attended by the Board in 2017	
Datuk Wira Azhar Abdul Hamid	• Construction Industry Transformation Programme Initiative on Safety – Construction Industry Development Board • 2018 Budget: Implications to the Malaysian economy and capital market – Hong Leong Financial Group • Corporate Governance Breakfast Series entitled Integrating an innovation mindset with effective governance – FGV • Case Study Workshop for Independent Directors - Hong Leong Manufacturing Group • MPOB International Palm Oil Congress and Exhibition (PIPOC) 2017: Treasuring the past creating the future – Malaysian Palm Oil Board (MPOB) • Malaysian Institute Corporate Governance Seminar entitled "Governance or lack of it" - Hong Leong Financial Group • Induction programme - in-house
Dato' Yahaya Abd Jabar	• Is diversity required in the Boardroom? – Malaysian Institute of Corporate Governance • Qatar – Malaysia Economic Forum – Malaysian Investment Development Authority • What Directors need to know on reporting and disclosure obligations to prevent public reprimand and fines by the regulators – Bursatra Sdn Bhd
Dato' Mohamed Suffian Awang	• What Directors need to know on reporting and disclosure obligation to prevent public reprimand and fines by the regulators –Bursatra Sdn Bhd • Focus Group Session on the proposed revision of the Corporate Governance Guide - Bursa Securities • Corporate Governance Breakfast Series - Integrating an innovation mindset with effective governance - Bursa Securities

BOARD INDUCTION AND TRAINING

Training programmes attended by the Board in 2017

Dato' Zakaria Arshad	• 2017 Outlook: Price and Output Workshop - FGV • Pakistan Edible Oil Conference (2017 PEOC) – Pakistani Edible Oil Refiners Association • The Dubai Sugar Conference – Al Khaleej Group • Annual Palm and Lauric Oils Conference and Price Outlook 2017 – Bursa Malaysia Derivatives Berhad • Malaysia Life Science Limited Partners Conference – Spruce Capital Partners & Seraya Capital
Datuk Siti Zauyah Md Desa	• Workshop : Panda Bond Sukuk – Ministry of Finance • Engagement Session with Minister of Finance II : Changes to Companies Act - Ministry of Finance • China OIC Forum – Islamic Development Bank Group • Dialogue on sustainable development of affordable housing – Cagamas Berhad / Bank Negara Malaysia • Briefing on Malaysian Financial Reporting Standard 9 Financial Instruments (MFRS 9) : Implementation Project by PwC – Employee Provident Fund • Program Volunteering for International Professionals 2017 (National Blue Ocean Shift) – Ministry of Finance • 7th Annual Asia Islamic Banking and Takaful Conference : Building a resilient economy – Fleming Corporate Learning Programs • Program Digital Free Trade Zone – Malaysia Digital Economy Corporation Sdn Bhd
Dato' Ab Ghani Mohd Ali	• Mandatory Accreditation Programme – The Iclif Leadership and Governance Centre • International Biomass Conference Malaysia 2017 – Agensi Inovasi Malaysia and State Planning Unit • Induction programme - in-house
Dato' Sri Abu Bakar Harun	• Mandatory Accreditation Programme – The Iclif Leadership and Governance Centre • Induction programme - in-house
Dr. Mohamed Nazeeb P. Alithambi	• Induction programme - in-house
Datuk Dr. Salmiah Ahmad	• Petrochemical : an in-depth introduction – Independent Chemical Information Service (ICIS) • Fundamental of the polymers business – ICIS • Induction programme - in-house
Datuk Mohd Anwar Yahya	• Induction programme - in-house
Datuk Muzzammil Mohd Nor (Alternate Director to Dato' Ab Ghani Mohd Ali)	• Mandatory Accreditation Programme - The Iclif Leadership and Governance Centre • Malaysian Code on Corporate Governance : A New Dimension – Securities Industry Development Corporation

RESPONSIBILITIES, OVERSIGHT AND INDEPENDENCE

THE BOARD IS COLLECTIVELY RESPONSIBLE FOR THE OVERSIGHT AND SUCCESS OF OUR BUSINESS

BOARD COMMITTEES

The Board delegates certain of its responsibilities to several Board Committees, which operate within clearly defined Terms of Reference, primarily to assist the Board in discharging its responsibilities whilst the ultimate responsibility for final decision lies with the full Board.

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Board Committee Chairman prior to submission as Board Papers for deliberation at Board Meeting. The Board reviews the Board Committees' authorities and Terms of Reference from time to time to ensure their relevance.

The Board Committees' Terms of Reference are available on our website, www.feldaglobal.com.

AUTHORITY LIMITS

FGV Board's delegation of powers to the Board Committees, the GP/CEO, and the EXCO are aligned to the Board Charter and are expressly set out in an approved FGV Group's Discretionary Authority Limits (DAL) and Employee Approving Authority (EAA). The Board approved the revised EAA on 1 April 2017 and the revised FGV Group's DAL on 22 February 2018, which is used consistently throughout FGV Group. FGV Group's DAL and EAA establishes a sound framework of authority and accountability within the Group, including segregation of duties, which facilitates timely, effective and quality decision-making at the appropriate levels in the Group's hierarchy.

EXCO

The EXCO is established to support the GP/CEO in the stewardship of the Group to centrally monitor the Group's performance, co-ordinate and align the Group's management and business operations to achieve FGV Group's vision, mission, strategies, through good corporate governance principles and best business and control practices based on the directions, guidance, decisions and policies of the Board and the Board Committees. The EXCO meets once a month or more frequently as circumstances dictate. The EXCO held 22 meetings in the FYE 2017.

OUR EXECUTIVE COMMITTEE

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

Chaired by Dato' Zakaria Arshad, the Executive Committee focuses on managing FGV's business affairs as a whole, which includes the delivery of a competitive strategy, developing our financial structure and planning as well as driving financial performance.

DATO' ZAKARIA ARSHAD

Group President/Chief Executive Officer

Malaysian, 58, Male

Tenure: Since 1 April 2016

Skills and Qualifications:
Dato' Zakaria Arshad brings homegrown leadership experience established through his years in supervisory positions in the Group. He also offers his wealth of industry insights in his role as advisor to several trade associations, and has established international business ties through his time in the Senior Management Development Programme of Harvard Business School, United States, Fellow International Society of Nanoscience, Cambridge, United Kingdom, and Corporate Partnership Programme of Pembroke College, the University of Cambridge, United Kingdom. He holds a Bachelor of Social Science Economics (Hons.) from Universiti Sains Malaysia.

Directorship in other public companies:
Director of MSM Malaysia Holdings Berhad, Managing Director of Felda Holdings Bhd and Director of Pontian United Plantations Berhad.

AHMAD TIFLI DATO' HAJI MOHD TALHA

Group Chief Financial Officer and Chief Operating Officer of Corporate Services Sector

Malaysian, 52, Male

Tenure: Since 16 March 2011

Skills and Qualifications:
Ahmad Tifli Dato' Haji Mohd Talha established his career in accounting and has taken on numerous roles in the field, including auditor, accountant and financial controller. He also gained valuable expertise in strategy development, international sales and services, and has been overseeing our Group's financial portfolio as Group Chief Financial Officer since 2011. In addition, he has overseas work experience through his past attachment with a chartered accounting firm in England and is a member of both the Malaysian Institute of Accountants (MIA) and the Institute of Chartered Accountants in England and Wales (ICAEW).

Directorship in other public companies:
Director of MSM Prai Berhad, Pontian United Plantations Berhad and Felda Holdings Bhd.

PALANIAPPAN SWAMINATHAN

Chief Operating Officer of Plantation Sector

Malaysian, 63, Male

Tenure: Since 1 February 2017

Skills and Qualifications:
Palaniappan Swaminathan has extensive research experience in the fields of agronomy as well as the breeding and processing of oil palm, cocoa, coconut, coffee, tropical fruits and tropical herbs. His research accomplishments have made him a sought-after advisor in both academia and industry associations. He brings with him leadership experience gained from his past and present roles as Chief Executive Officer, Chairman, Executive Vice President and Chief Operating Officer. He holds a Master of Science from the University of Malaya, the ACCA Certified Diploma in Accounting and Finance, and a certificate in plant breeding from the International Agricultural Centre of Wageningen, the Netherlands.

Directorship in other public companies:
Director of Pontian United Plantations Berhad.

DATO' KHAIRIL ANUAR AZIZ

Chief Operating Officer of Sugar Sector and Executive Director of MSM Malaysia Holdings Berhad

Malaysian, 51, Male

Tenure: Since 1 January 2018

Skills and Qualifications:
Dato' Khairil Anuar Aziz possesses extensive experience in the manufacturing, construction, telecommunications, logistics and plantations sectors, having been involved in marketing, sales, and international business in these fields. He also gained leadership experience through his past service as Chief Executive, Director and Chairman. He brings with him a wide network of customer, industry and government relationships through his appointments in various industry associations. He holds a BA (Hons.) in Business Administration majoring in Marketing Management from Coventry University, United Kingdom.

Directorship in other public companies:
Executive Director of MSM Malaysia Holdings Berhad, Director of MSM Prai Berhad and Non Executive Director of Pelaburan Mara Berhad.

AZMAN AHMAD

Chief Operating Officer of Logistics & Support Business Sector

Malaysian, 56, Male

Tenure: Since 1 January 2018

Skills and Qualifications:
Azman Ahmad is a homegrown talent, having established his career in Felda Johore Bulkers' operations team before eventually heading it as Chief Executive. He then took on other leadership roles in FGV Group, including Executive Vice President/Head of Palm Downstream Cluster, Head of Logistics Cluster, and Executive Vice President/Chief Operating Officer of Logistics & Support Business. He holds a BSc (Hons.) in Maritime Technology from the University of Wales Institute of Science and Technology, United Kingdom.

FAIRUZ ISMAIL

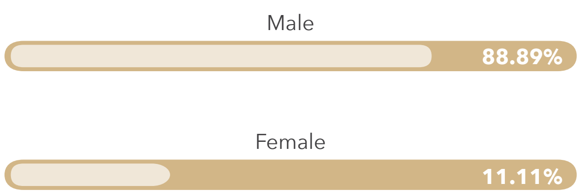
Head of Palm Upstream Cluster

Malaysian, 54, Male

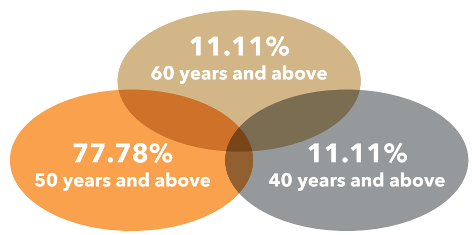
Tenure: Since 1 October 2017

Skills and Qualifications:
Fairuz Ismail established his career in the plantations sector, having been instrumental in the operations of two plantation companies prior to joining FGV. He also brings with him overseas work experience gained through his time in Indonesia as General Manager and Head of plantations, and Senior Vice President/Head of a plantation conglomerate's African agribusiness operations. Since joining FGV, he has contributed his expertise as head of Transformation Management Office, Plantations, as well as Palm Upstream Cluster. He holds a Master of Business Administration from the University of the West of England, United Kingdom and had attended the Management Development Programme at the Asian Institute of Management, the Philippines.

GENDER DIVERSITY



AGE DIVERSITY



OUR EXECUTIVE COMMITTEE

FAKHRUNNIAM OTHMAN
Chief Strategy Officer

Malaysian, 50, Male

Tenure: Since 1 May 2016

Skills and Qualifications:
Fakhrunniam Othman is well-versed in finance and accounting principles, having taken on various positions in those fields throughout his career, including accountant, Senior General Manager of Finance, Vice President of Corporate Finance, as well as Deputy Chief Financial Officer of a US-based company. He also brings with him homegrown leadership experience through his Chief Executive positions of FELDA marketing and transport services arm, before becoming our Chief Strategy Officer. He holds a Master of Business Administration, specialising in General Management from the Royal Melbourne Institute of Technology, Australia and is a member of the Fellowship Association of Chartered Certified Accountants (ACCA), United Kingdom and the Malaysian Institute of Accountants.

MOHD NAJID MD YAHYA
Chief Human Resources Officer

Malaysian, 52, Male

Tenure: Since 2 June 2014

Skills and Qualifications:
Mohd Najid Md Yahya's military experience cultivated his keen understanding and appreciation of discipline and personnel motivation, with these valuable insights serving him well as he transitioned into the human resource field of the corporate world. He has taken on the headship positions of Senior Manager, Director and Regional Head of the human capital portfolios of three banking corporations and a plantation conglomerate prior to his joining FGV as Senior Vice President/Chief Human Resources Officer. He holds a Diploma in Human Resources Management from the University of Malaya and a Diploma in Management Science from the National Institute of Public Administration (INTAN), and was commissioned as an army officer upon graduation from the Standard Military Course of the Royal Military Academy Sandhurst, United Kingdom.

IDA SURYATI DATUK AB RAHIM
Chief Counsel

Malaysian, 46, Female

Tenure: Since 11 December 2017

Skills and Qualifications:
Ida Suryati Datuk Ab Rahim has a well rounded experience in legal, company secretarial, corporate governance, sustainability and international business, having held various positions in FGV including as Company Secretary of FGV and MSM Malaysia, Vice President, International Business, Head of Governance and Compliance and Head of Sustainability & Environment before holding her current position as Chief Counsel of FGV. She had also served as company secretary and legal advisor in other public listed companies prior to joining FGV in 2011. She holds a Bachelor of Law from Universiti Kebangsaan Malaysia and Master of Law (LLM) from the University of Cambridge, United Kingdom and University of Malaya. She also holds a valid Company Secretary licence and was duly admitted to the High Court of Malaya as an Advocate & Solicitor in 1997.

None of the EXCO members have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder, or have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Full biographical details of each EXCO member with information on date of appointment to the position, qualification, working experience, occupation and directorship in other public companies are available on our website, www.feldaglobal.com.

Kindly scan the QR code to view the full biographical details of each EXCO member.

CHIEF INTERNAL AUDITOR

ZALILY MOHAMED ZAMAN KHAN
Chief Internal Auditor

Malaysian, 50, Female
Tenure: Since 1 March 2012

Skills and Qualifications:
Zalily Mohamed Zaman Khan brings with her an established reputation in the field of internal auditing, governance, risk and control. She gained her extensive experience through various senior leadership positions in finance and internal audit functions in several listed conglomerates. She holds a Bachelors of Arts in Accountancy from the University of South Australia. She has achieved various certifications as CPA with Fellowship status of CPA Australia and Certified Internal Auditor, Certified Risk Management Assessor and Certified in Control Self Assessment from the Institute of Internal Auditors Inc., USA. She is also a Chartered Accountant with the Malaysian Institute of Accountants (MIA). She participated in a task force of the Institute of Internal Auditors Malaysia for the production of a publication entitled "Guidance for an effective Internal Audit Function" in 2017. She was also a member of the Institute of Internal Auditors Malaysia's Research and Technical Advisory Committee dealing with development of research in internal auditing and technical communication to members from 2014-2017.

COMPANY SECRETARY

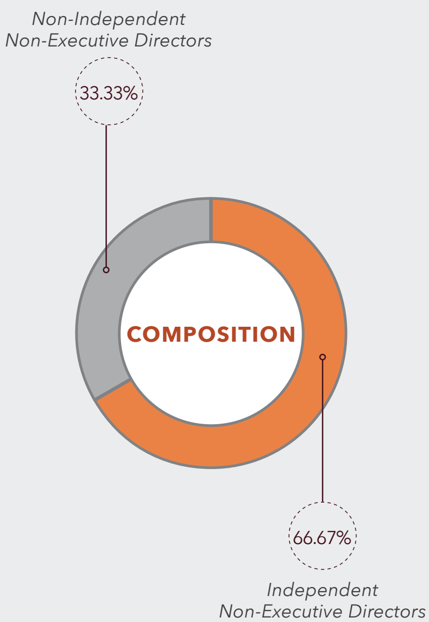
KOO SHUANG YEN
Company Secretary

Malaysian, 55, Female
Tenure: Since 1 July 2014

Skills and Qualifications:
Koo Shuang Yen is a homegrown talent who has contributed her finance and accounting competencies in various roles throughout FGV's umbrella of companies. Her understanding and appreciation of these companies' financial and operational intricacies served her well in her leadership positions, such as Head of Finance, Senior General Manager of Group Finance prior, Head of Cluster Finance & Accounting Unit and Head of Budgeting Unit. She subsequently took up the Company Secretarial portfolios of both MSM Malaysia and FGV until today. She is an Associate of the Chartered Institute of Management Accountants, United Kingdom and a Chartered Accountant with Malaysian Institute of Accountants (MIA).

NOMINATION AND REMUNERATION COMMITTEE REPORT

THE COMMITTEE CONTINUES ITS WORK OF ENSURING THE BOARD COMPOSITION IS RIGHT AND THAT OUR REMUNERATION POLICIES ARE COMPETITIVE



COMPOSITION AND MEETINGS

Under the MCCG 2017, the Board is recommended to establish a Nomination Committee which should comprise exclusively of Non-Executive Directors, a majority of whom must be independent. FGV's Nomination and Remuneration Committee is comprised exclusively of Non-Executive Directors and all its members are Independent Directors. The Chairman of the Nomination and Remuneration Committee is a Senior Independent Non-Executive Director. The Board believes that the current Nomination and Remuneration Committee's composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all Shareholders and to meet the needs of the Group.

The Nomination and Remuneration Committee held 13 meetings in 2017.

The members of the Nomination and Remuneration Committee during the financial year 2017 up to 20 March 2018 and the record of their attendance are as follows :

Directors	Date of appointment to the Nomination and Remuneration Committee	Designation	Tenure in the Nomination and Remuneration Committee	Number of meetings attended in 2017
Dato' Yahaya Abd Jabar *(Senior Independent Non-Executive Director)*	20 January 2012	Chairman	6 years 2 months	13 out of 13
Dato' Mohamed Suffian Awang *(Independent Non-Executive Director)*	20 January 2015	Member	3 years 2 months	13 out of 13
Dato' Sri Abu Bakar Harun *(Non-Independent Non-Executive Director)*	Appointed as Member on 11 September 2017	Member	5 months	0 out of 3
Datuk Noor Ehsanuddin Mohd Harun Narrashid *(Independent Non-Executive Director)*	29 August 2013 (Resigned as Member on 24 August 2017)	Member	4 years	6 out of 8

The full details of the Nomination and Remuneration Committee's Terms of Reference are published on our website, www.feldaglobal.com.

This Report should be read in conjunction with our Corporate Governance Report, which is available on our website, www.feldaglobal.com.

FGV has in place a Board Nomination and Election Policy and Procedures to enhance, clarify and formalise its policies on Board Composition, Independence, Conflict of Interest and Board Assessment (Policy). The policy on Board Composition have taken into account the mix of skills, independence and diversity required to meet the needs of FGV. Further explanation of this Policy together with the Board nomination and election process and the selection criteria used by the Nomination and Remuneration Committee is published in the Corporate Governance Report, which is available on our website, www.feldaglobal.com. The Board performance evaluation process for the Board as a whole, its Committees and contributions from each individual Director together with the criteria used for such assessment is described in detail in the Corporate Governance Report, which is available on our website, www.feldaglobal.com and the process flow can be found on page 72 of this Annual Integrated Report 2017.

SUMMARY OF WORK OF THE NOMINATION AND REMUNERATION COMMITTEE

Through the 13 meetings held, the Nomination and Remuneration Committee undertook the following principal activities in discharging its responsibilities:

Nomination and election process and appointment and re-appointment/re-election process

a. Considered the proposed appointment of the Chairman, a Government Appointed Director, two representatives of FGV's major shareholder together with one Alternate Director and also three Independent Non-Executive Directors and concluded that they are suitable candidates to sit as Directors in FGV after taking into account the current and future needs of FGV.
b. Considered the proposed appointment of the Audit Committee Chairman.
c. Considered the proposed appointment of new Board Committee members.
d. Assessed and recommended to the Board on the re-election of Directors.
e. Considered Key Senior Management's job evaluation, promotion proposal and service contract renewal proposal.
f. Reviewed the organisation structure and Key Senior Management movements.
g. Reviewed the organisation structure and Key Senior Management movements.
h. Assessed the change of directorship in FGV Group.

Induction and continuing education programmes

a. Reviewed the report on the trainings attended by the Board for the financial year 2016 and the induction programme for newly appointed Directors.

Remuneration matters

a. Reviewed FGV Group's salary structure.
b. Recommended the Restricted Shares Grant and Vesting to the EXCO Members and Top Performers.
c. Recommended the proposed annual fees for the Board and the Board Committees.
d. Recommended bonus payment and annual salary increment for the GP/CEO, EXCO members and employees of FGV Group.
e. Reviewed and recommended Group Human Resources new/revised policies.
f. Reviewed and recommended Human Resources Cost Optimisation via benefits rationalisation by comparing against the industries standard.
g. Reviewed the remuneration package of the Chairman.

Board Assessment

a. Reviewed the annual assessment of the Independent Directors of FGV.
b. Reviewed the Board Performance Evaluation i.e. assessment of the effectiveness of the Board as a whole, the Board Committees and each individual Directors.

Reviewed statements included in the Company's Annual Integrated Report 2016

a. Reviewed the disclosure in the Corporate Governance Statement relating to the following:
   - Board Nomination and Election Policy and Procedures having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of FGV;
   - Board balance and composition including tenure and gender diversity;
   - Board nomination and election process and re-election of Directors and the criteria used by the Nomination and Remuneration Committee in the selection process mapping of skills and experience;
   - Assessment undertaken by the Nomination and Remuneration Committee in respect of its Board, Board Committees and individual Directors together with the criteria used for such assessment;
   - Trainings attended by the Directors for the financial year and induction programmes, pursuant to the Bursa Securities Listing Requirements;
   - FGV Long Term Incentive Plan; and
   - Director's remuneration in accordance with relevant provisions from the Bursa Securities Listing Requirements and the Companies Act, 2016.

NOMINATION AND REMUNERATION COMMITTEE REPORT

b. Reviewed the disclosure in the Report on the Nomination and Remuneration Committee relating to the following:
   - Composition of the Nomination and Remuneration Committee.
   - Terms of Reference.
   - Number of Nomination and Remuneration Committee Meetings held during the financial year ended 31 December 2016 and details of attendance of each member.
   - Summary of work/activities of the Nomination and Remuneration Committee and matters considered by the Nomination and Remuneration Committee in the discharge of its functions and duties for the financial year ended 31 December 2016 and how it has met its responsibilities.
   - How the requirements set out in paragraph 2.20A of Bursa Securities Listing Requirements are met.

Others

- Reviewed and recommended proposed Voluntary Separation Scheme exercise for FGV Group.
- Reviewed and recommended the revised Code of Business Conduct and Ethics for Employees (CoBCE).

KEY MATTERS REPORTED TO THE BOARD

The Nomination and Remuneration Committee Chairman updated the Board on matters deemed to be of major importance deliberated at the Nomination and Remuneration Committee Meetings and its recommendations. The copies of confirmed minutes of each of the Nomination and Remuneration Committee Meeting were also circulated to the Board for noting at the next practicable Board Meeting. Amongst the significant matters considered by the Nomination and Remuneration Committee during the year 2017 are as follows:

Significant matters	How these matters were addressed by the Nomination and Remuneration Committee
Proposed appointment of the Chairman and other Directors	• Assessed the suitability of the candidates, taking into account the selection criteria which include relevant skills, knowledge, expertise, experience, existing directorships, current professional responsibility and other obligations. • Assessed the independence for candidates to be appointed as Independent Directors.

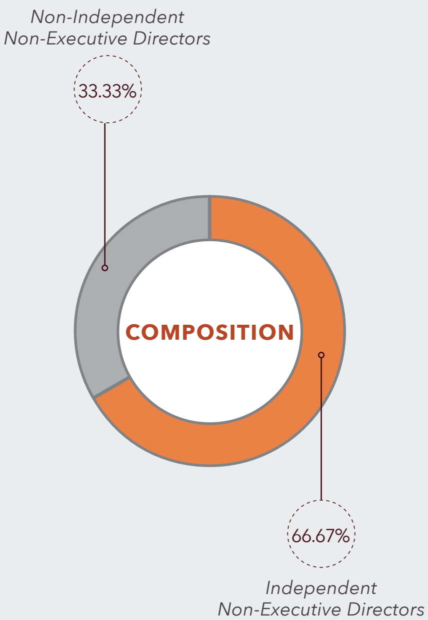
PERFORMANCE REVIEW

During the financial year, the Board evaluated the Nomination and Remuneration Committee's performance and extent to which the Nomination and Remuneration Committee has met the requirements of its Terms of Reference, including the term of office and performance of the Nomination and Remuneration Committee and each of its members. This performance assessment constituted part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

This Report is made in accordance with a resolution of the Board of Directors and approved at the Board Meeting dated 28 March 2018.

AUDIT COMMITTEE REPORT

THE COMMITTEE CONTINUED TO OVERSEE THE GROUP'S FINANCIAL REPORTING AND EVALUATE THE GROUP'S INTERNAL AND EXTERNAL AUDIT PROCESS



COMPOSITION AND MEETINGS

The Audit Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors.

The Audit Committee held nine meetings in 2017.

The members of the Audit Committee during the financial year 2017 up to 20 March 2018 and the record of their attendance are as follows:

Directors	Date of appointment to the Audit Committee	Designation	Tenure in the Audit Committee	Number of meetings attended in 2017
Datuk Mohd Anwar Yahya *(Independent Non-Executive Director)*	23 November 2017	Chairman	4 months	1 out of 1
Dato' Mohd Zafer Mohd Hashim *(Independent Non-Executive Director)*	20 January 2015 (Resigned as Chairman and Member on 31 October 2017)	Chairman	2 years and 9 months	7 out of 7
Dato' Yahaya Abd Jabar *(Senior Independent Non-Executive Director)*	7 December 2012 (Appointed as Chairman on 31 October 2017) (Redesignated as Member on 23 November 2017)	Member	5 years and 4 months	9 out of 9
Datuk Siti Zauyah Md Desa *(Non-Independent Non-Executive Director)*	7 April 2016	Member	1 year and 11 months	9 out of 9
Dato' Mohamed Suffian Awang *(Independent Non-Executive Director)*	Appointed as Member on 31 October 2017 (Resigned as Member on 23 November 2017)	Member	1 month	1 out of 1

Datuk Mohd Anwar Yahya is a Member of the Institute of Chartered Accountants in England and Wales (ICAEW), a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Member of the Malaysian Institute of Certified Public Accountants (MICPA). All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities. The Audit Committee, therefore, meets the requirements of paragraph 15.09(1)(c) of the Bursa Securities Listing Requirements which stipulates that at least one member of the Audit Committee must be a qualified accountant. During the financial year, the GP/CEO, the GCFO, the Chief Internal Auditor and various Management attended the meetings upon the invitation of the Audit Committee. The Audit Committee Chairman reported to the Board on principal matters deliberated at Audit Committee Meetings. Minutes of each meeting were circulated to the Board at the most practicable next Board Meeting.

AUDIT COMMITTEE REPORT

The purpose of the Audit Committee is to assist the Board in fulfilling the following key responsibilities:

- Assessing the risks and control environment;
- Overseeing financial reporting;
- Evaluating the internal and external audit process and outcome;
- Reviewing conflict of interest situations and related party transactions;
- Providing oversight on the Annual Integrated Report; and
- Undertaking any such other functions as may be determined by the Board from time to time.

The existence of the Audit Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Audit Committee. The Audit Committee may empower one or more of its members to meet or communicate with the external auditors and/or internal auditors independently.

The full details of the Audit Committee's Terms of Reference are published on our website, www.feldaglobal.com.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

Through the nine meetings held and various private sessions with the external auditors, internal auditors and Management, the Audit Committee undertook the following principal activities in discharging its responsibilities:

Assessment of the risks and control environment

a. Evaluated the reports on the assessment of the risk and control environment based on the external auditors' quarterly financial information review at each quarter and statutory financial audit at year end.
b. Reviewed seven reports from the Chief Internal Auditor summarising the main observations from the internal audit reports issued, which included information relevant for the assessment of the risks and control environment.
c. Considered the overall rating of the internal audit reports issued in 2016 as reflection of the overall effectiveness of the system of internal control vis-à-vis the risks, control environment and compliance requirements of the Group.
d. Received assurances from the GP/CEO and the GCFO that the risk management and internal control system of the Group for the financial year 2016 have been operating adequately and effectively, in all material respects.

At each of its meetings, the Audit Committee has given guidance which was relevant for the improvement of the risks and control environment of the Group, in particular in the areas of commodities trading, receivables management, procurement management and plantation operations, which were the main challenges to the Group during the financial year.

Overseeing financial reporting

a. Reviewed reports of the external auditors from their quarterly financial information review and annual statutory financial audit at each meeting. Amongst the main focus of the reports were the external auditors' assessments of impairment and provision exposures of various assets, investments and onerous contracts based on applicable financial reporting standard.
b. Met with the external auditors in two private sessions during the financial year without the presence of Management on 28 August 2017 and 16 November 2017. In these sessions, the following matters were discussed, amongst others:
    - Monitoring activities of the practices in refined sugar sales.
    - CPO trading of the Group.
    - Stability of several key systems affecting accounting and financial reporting.
    - Investment impairment assessment.
    - Enhancement of acquisition undertakings.
    - Monitoring of covenants imposed on the Group.
    - Expediting the accounting closing process to meet shorter deadlines.

c. Evaluated the Quarterly Report on Consolidated Results for each quarter and was appraised on the analysis of the results in detail. Where required, the Audit Committee had provided direction and sought more details on the analysis of consolidated results to make its recommendation to the Board on the Quarterly Report. The Audit Committee also requested further details on several important matters for its deeper understanding and provided the necessary direction on the matters.
d. Assessed the cashflow assumptions for the purpose of calculation of the Land Lease Liability to FELDA and its impact to the financial statements.
e. Reviewed and endorsed policy revisions relating to accounting, finance, governance and internal control for the Board's approval.

The Chairman of the Audit Committee held five private meetings with the external auditors to be briefed in detail on their quarterly reports to the Audit Committee.

Evaluation of the external audit process and outcome

a. Reviewed the external auditors' report on the outcome of the external audit process for the FYE 2016, which included internal control recommendations and management's response to the recommendations.
b. Assessed the comprehensiveness of the audit plan of the external auditors for the FYE 2017 and ensured coordination with the various other audit firms apart from Messrs. PricewaterhouseCoopers PLT (PwC) who are involved in the external audit of several subsidiaries.
c. Assessed the external auditors for their re-appointment for the FYE 2017 based on the established External Auditor Policy and recommended their re-appointment to the Board. The Audit Committee also considered the feedback from Management on their evaluation of the external auditors based on the services provided on the external audits for the FYE 2016.
d. Assessed the external auditors audit fees for FYE 2017 and made its proposal to the Board for approval.
e. Received written assurance from external auditors in their audit plan for the FYE 2017 confirming they are, and will maintain, independent throughout the conduct of audit engagement in accordance with the Terms of Reference of all relevant professional and regulatory requirement.
f. Reviewed the engagement of non-audit services by the external auditors in accordance with the External Auditor Policy to ensure that their independence is maintained.

Evaluation of the internal audit process and outcome

a. Received and reviewed all 73 reports issued to all members of the Audit Committee by Group Internal Audit during the FYE 2017. These are reports from assignments undertaken from the internal audit plan and any unplanned investigation and special assignments undertaken by Group Internal Audit.
b. Presented with and reviewed the following at every quarterly meeting during the FYE 2017:
    - A report summarising the main observations from the internal audit reports issued during the quarter. The Audit Committee gave direction to the Management on key matters requiring the Management's special and immediate attention. The Audit Committee has reported to the Board on these key matters.
    - A report on the progress of implementation of the approved internal audit plan for the FYE 2017, including the status of internal audit resources to support the implementation of the approved internal audit plan and development progress of the internal audit staff.
    - A report on the progress of implementation of the recommendations from internal audit reports issued. There were no matters requiring the attention of the Board from the progress reported.

AUDIT COMMITTEE REPORT

c. Performed the following:
   - Reviewed and approved the revision of the internal audit plan for FYE 2017.
   - Reviewed and approved the internal audit plan for the FYE 2018 together with the scope, functions, resources, budget and key performance indicator of the Group's internal audit function and reported to the Board accordingly.
   - Assessed the performance of the Chief Internal Auditor, which included assessment of the effectiveness of the Group's internal audit function with reference to the Institute of Internal Auditors' International Professional Practices Framework.
   - With reference to assessment of the Chief Internal Auditor's performance, proposed her promotion, increment, adjustment and renewal of her contract of employment.
   - Reviewed and approved co-source and out-source internal audit assurance work and investigations.
   - Approved the engagement of a subject matter expert in plantation to improve operational internal auditing on plantations.

The Chairman of the Audit Committee held four private meetings and discussions with the Chief Internal Auditor and her management team to discuss developments which were relevant for the internal audit work, to give direction for a more effective audit plan, to be apprised of or give guidance on any major internal audit observations and any related matters towards improving the governance, risk and control processes of FGV Group.

Reviewed recurrent related party transactions monitoring of the Group

a. Reviewed the quarterly report on the recurrent related party transactions of the Group and took note that the related party transactions were within the mandate from the Shareholders.

b. Reviewed the Recurrent Related Party Transactions Circular to seek mandate from shareholders at the 2017 Annual General Meeting.

c. Reviewed the internal audit report on the annual recurrent related party transactions review.

Reviewed statements included in the Company's Annual Integrated Report 2016

a. Reviewed the Report on the Audit Committee, the Statement on Risk Management and Internal Control, the Corporate Governance Statement, the Management Discussion & Analysis and the Chairman's Statement to be included in the Company's Annual Integrated Report 2016 and recommended the same to the Board for approval. The Statement on Risk Management and Internal Control was reviewed reflecting on the reports of the external and internal auditors on the risks and control environment of the Group and related matters that have been brought to the Audit Committee and the Board during the related financial year.

KEY MATTERS REPORTED TO THE BOARD

The Audit Committee Chairman updated the Board on matters deemed to be of major importance deliberated at the Audit Committee Meetings and its recommendations. The copies of confirmed minutes of each of the Audit Committee Meeting were also circulated to the Board for noting at the next practicable Board Meeting. Amongst the significant matters considered by the Audit Committee during the year 2017 are as follows:

Significant matters	How these matters were addressed by the Audit Committee
Changes in accounting policies	• Deliberated and endorsed the changes of accounting policies and the proper accounting of related impact to the financial statements in transition to application of new accounting standards.
Impairment and provisions	• Reviewed the assessment of impairment and provision exposure of various assets, investments and onerous contracts by the external auditor based on applicable financial reporting standards.
Payment of interim dividend	• Reviewed and provided guidance on the solvency test for the payment of 5 sen interim dividend for the FYE 31 December 2017.
Funding requirements across FGV Group	• Reviewed and endorsed proposals relating to funding requirements across FGV Group.

RELATIONSHIP WITH THE EXTERNAL AUDITOR

External Auditor Policy

The External Auditor Policy approved by the Board on 25 March 2015 covers appointment and re-appointment of external auditors, assessing their performance and independence, audit partner rotation, audit delivery and reporting, engagement of external auditor for non-audit services and removal of external auditor.

Appointment and Re-Appointment of External Auditors

The External Auditor Policy states that the Group shall only engage external auditor from top four firms of professional accountants for the financial statement statutory audit of the Group and as far as practicable, shall retain the engagement of one external audit firm for the Group covering all listed and unlisted subsidiaries within Malaysia and outside Malaysia. Any new appointment or replacement of external auditors shall be through a formal tendering process. FGV currently engages PwC as its external auditor for the Group. A suitability and independence assessment has been undertaken through a checklist of factors considered prior to proposing the re-appointment of the external auditor for the FYE 31 December 2017 at the general meeting in May, 2017. The factors considered were calibre of the firm, its quality process/performance, the audit team, its independence and objectivity, audit scope and planning, audit fees and audit communications. From the assessment, the Audit Committee concluded that PwC remains suitable and independent for re-appointment as the external auditor.

Effectiveness of the External Auditor

The External Auditor Policy requires that the external auditor's performance and independence be assessed using an assessment checklist covering the following, upon completion of every annual audit.

- Calibre of external audit firm;
- Quality of process/performance;
- Audit team;
- Independence and objectivity;
- Audit scope, planning and methodology;
- Audit fees;
- Audit deliverables; and
- Audit communication.

The assessment shall be undertaken by the Group subsidiaries before the finalisation of the Group's statutory financial statements and submitted for the Audit Committee's deliberation. Where the Audit Committee concludes that the performance of the external auditor is less than satisfactory, the Audit Committee shall consider the next course of action, which may include:

- Discussion with the external audit firm to resolve performance issues;
- Replacement of members within the external audit team; or
- Not recommending reappointment of the external auditor.

Assessing Independence of External Auditor

The external auditor shall be required to update the Audit Committee of its Independence Framework and discuss independence issues as part of its Group Audit Plan presented to the Audit Committee by the third quarter of every financial year. The external auditor shall provide a written assurance confirming that the engagement team has been independent throughout the conduct of the audit of the statutory financial statements in accordance with the terms of all relevant professional and regulatory requirements. The External Auditor Policy states that relationships that may result in impairment of the external auditor's independence and objectivity shall be prohibited. Any threats to independence shall be disclosed to the Audit Committee together with assessment of the mitigation actions to eliminate the threats or reduce them to an acceptable level. During the year 2017, the external auditor has presented its written assurance on independence through their Group Audit Plan and Report to the Audit Committee for the audit of the statutory Financial Statements for the FYE 2017. Based on assessment above, there was no relationship that may have impaired the external auditor’s independence and objectivity.

HOW WE ARE GOVERNED

AUDIT COMMITTEE REPORT

Audit Partner Rotation
The External Auditor Policy requires rotation of the lead and signing partner every five years and when rotated off the audit, the partner shall not be a member of the engagement team or be a key audit partner on the engagement for two years. The current lead and signing partner of PwC has only been assigned to the Group for four years since the annual audit of the statutory Financial Statements for the FYE 2014.

Audit delivery and reporting
Upon approval of the audit fees by the Board, the external auditor's engagement letter shall be signed by the GCFO. The deliverables and reports from the audit of the statutory financial statements shall be communicated and agreed upon through Group Audit Plan on annual basis by the third quarter of every financial year. Management representation letter shall be issued to the external auditor upon completion of the statutory audit for each company under the Group.

Engagement of External Auditor for non-audit services
The external auditor may be engaged to perform permitted audit or non-audit services as detailed in the External Auditor Policy provided the engagement does not impair independence of the external auditor in its audit of the statutory financial statements. The External Auditor Policy also specifies prohibited non-audit services which the external auditor shall not be engaged for. All services to be awarded to the external auditor shall be subjected to independence assessment and monitoring. The engagement of permitted non-audit services shall be reviewed and approved by the Audit Committee where the annual fees for non-audit services exceed 25% of the annual fee for audit of the statutory financial statements of the Group. A report on the engagement of the external auditor for all other audit and non-audit services together with the fees for each engagement shall be reported to the Audit Committee every six months or as and when the total of non-audit service fees exceed the 25% threshold.

The fees paid/payable to the external auditor, PwC, in financial year 2017 were as follows:

Fees paid/payable to PwC in 2017	RM' 000
Audit Fees • PwC Malaysia • Member firms of PwC International Limited (PwCIL)	 4,327 1,704
Audit Related Fees • PwC Malaysia and member firms of PwCIL	 1,454
Other non-audit fees paid to PwC Malaysia and member firms of PwCIL	231
Total	**7,716**

During the financial year 2017, the non-audit fees was within the allowable threshold.

Removal of External Auditor
The Audit Committee shall recommend to the Board the termination of the external auditor after considering the request and reason for removal or resignation of the external auditor. The selection of new external auditor shall be conducted through invitation of a closed tender procurement process of the other top three accounting firms through the Group's normal procurement policies and procedures. The termination shall be approved by the FGV Shareholders at the Annual General Meeting together with the proposal for the appointment of a new external auditor.

Keeping updated on relevant information
The external auditor updates the Audit Committee members on changes to accounting standards and issues related to financial reporting through quarterly meetings.

GROUP INTERNAL AUDIT

The Group has an in-house Group Internal Audit (GIA) function, which is independent and reports functionally direct to the Audit Committee and administratively to the GP/CEO. The conduct of GIA is based on a Group Internal Audit Charter, which is established consistent with the requirements of the Institute of Internal Auditors' International Professional Practices Framework and approved by the Audit Committee as affirmed through a Quality Assurance Review conducted by the Institute of Internal Auditors Malaysia in 2014.

There are a total of 64 internal auditors as at 31 December 2017 covering the activities of the Group headed by Zalily Mohamed Zaman Khan, the Chief Internal Auditor. The credential of the Chief Internal Auditor can be obtained at page 79 of this Annual Integrated Report 2017. The internal auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan. Composition of the internal auditors and the corresponding professional status are as follows:

Professional status	Percentage of total Auditors
Professional accounting (ICAEW, CPA, ACCA, CA) or Certified Internal Auditor (CIA) or post-graduate (MBA or Masters)	18
Certified IS Auditor (CISA)	6
Graduate (Bachelor's Degree)	52
Graduate pursuing professional accounting (ICAEW, CPA, ACCA, CA) or CIA	21
Others (Diploma)	3
Total	**100**

The above includes 17 internal auditors (26%) who are members of the Institute of Internal Auditors Malaysia. The total cost incurred for GIA for the FYE 2017 is RM11.2 million (FYE 2016: RM9.9 million). This amount comprises of mainly staff cost and benefits, travelling expenses and GIA management system.

Roles and functions

GIA provides assurance services of the Group locally and overseas covering all operations where the Group has management control and where partners consent for jointly controlled entities. In addition to the assurance role, GIA also undertakes consulting role and investigative role. In its consulting role, GIA undertakes advisory on governance, risk and control, policy and procedures review, participate in working groups to provide input on policy development, systems development and several initiatives of the Group. Investigative audits are undertaken upon any allegation of improper, illegal and dishonest acts based on the request of the Management or Board.

Development of Audit Plan

When the audit plan is developed, consideration is given from the governance perspective as to how the whole company is managed at the Group level (Corporate Centres) and cascaded down to the business cluster and ultimately the operational level. Another consideration is from the risk perspective where high risk issues are prioritised during the development of the Annual Group Internal Audit Plan.

Based on these assessments, priority ranking is assigned to each operating unit to arrive at the audit plan over three years. The three years audit plan is reviewed every year and forms the basis to derive the Annual GIA Plan. Once the key audit areas are developed, the staff and resource allocation plan, budget estimates and staff development progress are established to support the GIA. The Annual Group Internal Audit Plan is presented to the Audit Committee. The Audit Committee reviews and challenges the adequacy of the audit scope, the resources allocated, the capability skill sets and makes recommendations before approving the GIA Plan. Any recommendation of the Audit Committee is taken into the GIA Plan. Once the GIA Plan is rolled out, the Audit Committee ensures that the coverage is responsive and robust to satisfy the changing level of risk and emerging areas of concern. Any deviation to the GIA Plan is discussed and endorsed by the Audit Committee quarterly.

Internal Audit Reporting

All GIA Reports are issued directly to the Audit Committee with copies to the relevant management for their action. On a quarterly basis, the Audit Committee is presented with the progress reporting of the audit findings, recommendations and management's corrective action implementation. Any concerns raised by the Audit Committee are to be addressed by GIA. The Audit Committee follows through any unresolved matters as part of the agenda in the next meeting.

AUDIT COMMITTEE REPORT

Objectivity and Independence of GIA

The Chief Internal Auditor states GIA's declaration of objectivity and independence to the Audit Committee in its Annual GIA Plan. GIA undertakes a survey of the relationship of its auditors once every two years and ensures that the rotation of internal auditors do not result in any compromise of objectivity and independence.

SUMMARY OF WORK DONE BY GIA IN 2017

Assurance

The assurance work during the year 2017 was on a balance of governance, risk and control at the corporate centre level and business operational level. At the corporate centre level, the focus was on inculcating best and better practices of the following main areas:

- Governance and risk management processes towards enhancing general governance and risk management practices and culture.
- Treasury management processes, particularly cash funding, money market, cash management and foreign exchange.
- The Human Resources processes, particularly on rewards management, staffing and manpower planning, performance management and succession planning.
- The Group procurement processes, particularly alignment to procurement policies and procedures, procurement monitoring mechanism, vendor management, procurement transactions, contract management and procurement system.
- Sustainability and environment processes, particularly enterprise risk management, strategic risk management and business continuity management.
- Recurrent related party transactions review with a view of advising the Audit Committee on the Group's compliance to the Related Party Transactions and Recurrent Related Party Transactions Policy.

At the business operational level including overseas operation, the key audit scopes were in the areas of sales and receivables management, procurement, asset and inventory management, production or service delivery, crude palm oil trading, bulking and transport operation, travel and tour management, security operation and information technology. For our main business cluster, i.e. palm upstream, the key audit scope was on harvesting and transportation of Fresh Fruit Bunch (FFB), purchasing of FFB from third parties, fertiliser management and workforce management.

Consulting

GIA plays an active role in advising the Group on various matters. In 2017, this was through the following platform :

- Information Technology (IT) Project Steering Committee and Working Committee meetings to provide guidance on IT project management and system development or implementation processes (i.e. HRMS, E-Rangkaian Maklumat Ladang (eRML), Master Data Governance (MDG) and GRC SAP Access Control).
- Participation in policy development in working groups and reviewed draft documents. The focus of GIA's feedback on the documents was from the aspect of compliance with any regulatory requirements, incorporating practical best practices, enhancing governance and risk management. During the financial year 2017, GIA provided feedback on policies developed in the areas of board governance and terms of references, management reporting processes and integrated reporting.
- Provided awareness training to participants of FGV's Senior Leadership Program on governance, risk and control (GRC) standards, concepts and GIA's role on GRC.

Investigation

GIA has undertaken investigative audits based on the request and information from management, Board and Audit Committee. The outcome of the investigations have been reported to the Audit Committee and the Board. The recommendations and resolutions arising from the investigation reports tabled have been communicated to management for the necessary implementation.

During the year, GIA has undertaken several investigations and special review work. The special reviews identified improvements in the following areas:

- Sugar trading.
- The Group's investments processes.
- The crude palm oil and subsidiaries business model.
- Inventory management.
- The Group's Credit Policy.

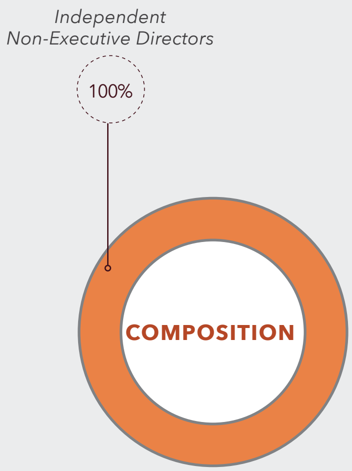
PERFORMANCE REVIEW

During the financial year, the Board evaluated the Audit Committee's performance and extent to which the Audit Committee has met the requirements of its Term of Reference, including the term of office and performance of the Audit Committee and each of its members. This performance assessment constituted part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

This Report is made in accordance with a resolution of the Board of Directors and approved at the Board Meeting dated 28 March 2018.

BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE REPORT

THE COMMITTEE PROGRESSED WITH ITS RISK MANAGEMENT, GOVERNANCE AND SUSTAINABILITY OVERSIGHT ROLES



COMPOSITION AND MEETINGS

Under its Terms of Reference, the Board Governance & Risk Management Committee (BGRMC) shall comprise of not less than three members whom shall be appointed from members of the Board, a majority of whom must be Independent Non-Executive Directors.

The Board Governance & Risk Management Committee held six meetings in 2017.

The members of the Board Governance & Risk Management Committee during the financial year 2017 up to 20 March 2018 and the record of their attendance are as follows:

Directors	Date of appointment to the Board Governance & Risk Management Committee	Designation	Tenure in the Board Governance & Risk Management Committee	Number of meetings attended in 2017
Tan Sri Dr. Sulaiman Mahbob *(Independent Non-Executive Director)*	(Appointed as Member on 8 April 2014) (Appointed as Chairman on 24 February 2015) (Resigned as Chairman and Member on 1 March 2018)	Chairman	3 years 11 months	6 out of 6
Dato' Yahaya Abd Jabar *(Senior Independent Non-Executive Director)*	29 August 2013	Member	3 years 7 months	6 out of 6
Datuk Dr. Salmiah Ahmad *(Independent Non-Executive Director)*	Appointed as Member on 23 November 2017	Member	4 months	Not applicable
Datuk Dr. Omar Salim *(Non-Independent Non-Executive Director)*	20 January 2015 (Resigned as Member on 23 November 2017)	Member	2 years 10 months	3 out of 6

The full details of the Board Governance & Risk Management Committee's Terms of Reference are published on our website, www.feldaglobal.com.

The Board Governance & Risk Management Committee's responsibilities are as follows:

- In relation to governance and ethics, to direct and oversee the formulation of the Group's governance framework with a view to inculcate an ethical and governance climate consistent with the Board's risks appetite, guided by the Recommendations of MCCG 2017, to direct and oversee the formulation of the Group's programmes and policies to support the implementation of the Group's governance framework and endorse the blueprints and policies for the Board's approval, to review reports on the status and availability of related procedures by the Group's operations and subsidiaries to implement the Group's policies, to monitor the status and progress of formulation and implementation of the related governance framework, blueprints and policies; and accordingly report to the Board the status and to recommend to the Board the approval of and/or amendments to the Group's governance framework, blueprints and policies.

BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE REPORT

- In relation to risk management, to direct and oversee the formulation of the Group's overall risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business, to advise and report to the Board, the overall risk appetite, tolerance and strategy on managing business risks, to report to the Board, key business risks and seeks its approval on the management of key business risks that are aligned to the Group's risk appetite, to monitor the effectiveness and progress of management of key business risks and accordingly report to the Board the status of the key business risks, and to recommend to the Board, the approval of and/or amendments to the Group risk management framework and strategies, including policies, procedures, systems, capability and parameters, as relevant.
- In relation to sustainability, to direct and oversee the formulation of the Group's overall sustainability framework and strategies, including principles and policies which are aligned with related regulations, monitor the implementation of the Group's approved overall sustainability framework and strategies, including principles and policies and review any Sustainability Report or Sustainability Statement or information having major financial and/or reputational impact to the Group, to be publicly issued by the Group or to be included in the Company's Annual Integrated Report.

The full details of the Board Governance & Risk Management Committee's Terms of Reference are published on our website, www.feldaglobal.com.

SUMMARY OF WORK OF THE BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE

Through the six meetings held, the Board Governance & Risk Management Committee undertook the following principal activities in discharging its responsibilities:

Governance, ethics and integrity

a. Reviewed and recommended the policies relating to corporate governance elements which are, among others, FGV Management Reporting Policy, revised FGV Corporate Disclosure Policy, revised Business Continuity Management Policy and Framework, revised EAA. These policies are crucial in developing a strong culture of corporate governance that allows Management to maintain an effective governance structure to ensure appropriate management of risk and level of internal controls.

b. Received updates on the status of compliance of Board Governance and Whistleblowing Report in line with Bursa Securities Listing Requirements on the Group's corporate governance disclosure and the principles of MCCG 2017. This reflects the healthiness of governance in the Group and to gauge the effectiveness of the Group's Whistleblowing Policy and Procedures.

Risk management

a. Assessed and deliberated on the Group's risk status through the Quarterly Risk Report covering the Group's top ten (10) risks, key enterprise and business risks, project risks, emerging and reputational risks. This ensures the Board is always informed of the Group's risk universe, any significant risks that require closer attention and the prevailing risk profile and outlook.

b. Evaluated and approved the implementation of a risk appetite statement for FGV Group, which puts in place a quantitative approach towards measuring and monitoring the risk profile of the Company, by empirically determining the Company's risk appetite against agreed risk tolerance thresholds and benchmarks.

c. Advised and guided the progress of the Governance Quantum Leap Project, whereby various initiatives were undertaken to improve the level of corporate governance and business controls in FGV Group. Areas identified include strengthening finance policy and procedures, review of internal controls and also enhancing Board oversight.

d. Reviewed and approved the creation of new risks registers for companies or divisions within the Group yet to have dedicated risk registers. The establishment of these risk registers ensures relevant risks relating to these entities are properly documented, monitored and mitigated.

e. Approved the revised Business Continuity Management Policy and Framework to improve the Company's resilience across the organisation should any adverse events arise that may affect business operations.

f. Appraised on the new enterprise risk management system which automates and enhances the effectiveness of FGV's internal risk management processes.

g. Endorsed the risk management programme and activity plan for the year, which includes the continuation of the risk management framework two-year implementation roadmap with the objective to institute a robust and enhanced risk culture, controls and processes within the organisation.

Sustainability

a. Received quarterly updates on sustainability matters.
b. Received progress updates on RSPO certification and International Sustainability and Carbon Certification.
c. Reviewed and recommended the revised Group Sustainability Policy.
d. Recommended for implementation of Social Compliance and Human Rights Action Plan.

Further details on the sustainability updates presented to the Board Governance & Risk Management Committee are provided in the Sustainability Statement on pages 57-60 of this Annual Integrated Report 2017.

Reviewed statements included in the Company's Annual Integrated Report 2016

Reviewed the Report on the Board Governance & Risk Management Committee, the Statement on Risk Management and Internal Control and the Corporate Governance Statement to be included in the Company's Annual Integrated Report 2016 and recommended the same to the Board for approval. The Statement on Risk Management and Internal Control was reviewed reflecting on the reports of the external and internal auditors on the risks and control environment of the Group and related matters that have been brought to the Board Governance & Risk Management Committee and the Board during the related financial year.

KEY MATTERS REPORTED TO THE BOARD

The Board Governance & Risk Management Committee Chairman updated the Board on matters deemed to be of major importance deliberated at the Board Governance & Risk Management Committee Meetings and its recommendations. The copies of confirmed minutes of each of the Board Governance & Risk Management Committee Meeting were also circulated to the Board for noting at the next practicable Board Meeting. Amongst the significant matters considered by the Board Governance & Risk Management Committee during the year 2017 are as follows:

Significant matters	How these matters were addressed by the Board Governance & Risk Management Committee
Risk Appetite Statement	• Deliberated on the implementation of an empirical risk appetite statement for FGV Group. • Evaluated the proposed key risk indicators, risk weightages and risk tolerance thresholds and benchmarks that make up the risk appetite statement.
Governance Quantum Leap	• Guided progress of the Governance Quantum Leap project, to improve perceived weaknesses in FGV's corporate governance. • Monitored areas addressed under this initiative, which include finance policies and procedures, internal controls and Board oversight.
Roundtable on Sustainable Palm Oil (RSPO) certification	• Ensured that the progress of certification is in-line with the communicated time-bound plan. • Guided on action plans to overcome obstacles/setback in certification programmes.
Group Policies	• Made recommendations on revised Group policies on governance, risk and control for the Board's approval.
Implementation of Social Compliance and Human Rights Action Plan	• Agreed for the implementation of SCHR action plan that has been developed based on inputs from The Human Rights Commission of Malaysia (SUHAKAM).

PERFORMANCE REVIEW

During the financial year, the Board evaluated the Board Governance & Risk Management Committee's performance and extent to which the Board Governance & Risk Management Committee has met the requirements of its Terms of Reference, including the term of office and performance of the Board Governance & Risk Management Committee and each of its members. This performance assessment constituted part of the annual Board effectiveness assessment, pertaining to the assessment of Board Committees.

This Report is made in accordance with a resolution of the Board of Directors and approved at the Board Meeting dated 28 March 2018.

GOVERNANCE AT FGV: REMUNERATION

DIRECTORS' REMUNERATION

The level of Directors' remuneration is generally set to be competitive to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate with the responsibilities and duties of the Board and Board Committees. FGV has in place a Board Remunerations Policy which was last revised on 25 August 2016.

SUMMARY OF NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Non-Executive Directors' remuneration package reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors' remuneration include fees, benefits-in-kind and other benefits including meeting allowances.

Details of the Non-Executive Directors' annual fees for the Board and the Board Committees are listed below:

Board/Board Committees	Annual Fees
Board	- RM600,000.00 (Chairman) - RM120,000.00 (Non-Executive Directors)
Audit Committee	- RM64,000.00 (Chairman) - RM32,000.00 (Non-Executive Directors)
Nomination and Remuneration Committee	- RM35,000.00 (Chairman) - RM20,000.00 (Non-Executive Directors)
Special Board Committee	- RM36,000.00 (Chairman) - RM24,000.00 (Non-Executive Directors)
Other Board Committees	- RM32,000.00 (Chairman) - RM16,000.00 (Non-Executive Directors)

Details of the Non-Executive Directors' benefits in accordance with the remuneration structure (excluding Directors' annual fees) are set out below :

MEETING ALLOWANCE	OTHER BENEFITS
• Local RM2,000.00 • Overseas (Flight time <= 8 hours) RM2,000.00 • Overseas (Flight time > 8 hours) RM5,000.00 • Teleconferencing RM1,000.00	• Company car allowance, driver, club membership telecommunication device meeting allowances for Non-Executive Chairman • Medical coverage, insurance coverage, travel expenses, benefits-in-kind and other claimable benefits

In addition to the remuneration received from FGV, Non-Executive Directors also receive annual fees, benefits-in-kind and other benefits including meeting allowances, from their directorships in FGV subsidiary companies.

SUMMARY OF EXECUTIVE DIRECTOR'S REMUNERATION POLICY

The Executive Director receives a remuneration package which is reviewed and recommended by the Nomination and Remuneration Committee and approved by the Board. The remuneration package takes into account the individual performance and the inflation price index, which are benchmarked against information from independent sources for similar positions in other comparable companies.

The Group operates a Performance Remuneration Plan (PRP) which consists of performance bonus and Long Term Incentive Plan for all employees, including the Executive Director. Performance bonuses and Long Term Incentive Plan payable to the Executive Director is reviewed by the Nomination and Remuneration Committee and approved by the Board.

The Executive Director is not entitled to annual fees nor any meeting allowances for the Board and Board Committee meetings. Employee Directors are also not entitled to any annual fees in FGV Group.

The summary of composition of the Executive Director's remuneration package is as follows:

FIXED REMUNERATION	+	VARIABLE REMUNERATION	=	TOTAL REMUNERATION
BASIC SALARY		PERFORMANCE BONUS SCHEME		
BENEFITS-IN-KIND		LONG TERM INCENTIVE PLAN		

Governance at FGV: Majlis Ikrar Bebas Rasuah dan Forum Integriti.

HOW WE ARE GOVERNED

THE DIRECTOR'S REMUNERATION FOR THE FYE 2017 IN AGGREGATE FROM FGV AND THE GROUP, WITH CATEGORISATION INTO COMPONENTS, DISTINGUISHING BETWEEN EXECUTIVE AND NON-EXECUTIVE DIRECTORS, ARE STATED BELOW:

Name of Directors	Salary[1] (RM)	Bonus (RM)			
			Board (RM)	Audit Committee (RM)	Nomination and Remuneration Committee (RM)
Non-Independent Non-Executive Director					
Datuk Wira Azhar Abdul Hamid[3]	-	-	189,041.00	-	-
Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad[4]			260,822.00	-	-
Datuk Dr. Omar Salim[5]	-	-	107,507.00	-	-
Datuk Siti Zauyah Md Desa	-	-	120,000.00	32,000.00	-
Dato' Sri Abu Bakar Harun[6]			56,877.00	-	6,137.00
Dato' Ab Ghani Mohd Ali[7]			56,877.00	-	-
Datuk Muzzammil Mohd Nor[8]			-	-	-
Independent Non-Executive Director					
Dato' Yahaya Abd Jabar	-	-	120,000.00	34,016.00	35,000.00
Datuk Noor Ehsanuddin Mohd Harun Narrashid[9]	-	-	77,589.00	-	12,932.00
Tan Sri Dr. Sulaiman Mahbob[10]	-	-	120,000.00	-	-
Dato' Mohd Zafer Mohd Hashim[11]	-	-	99,945.00	53,304.00	-
Dato' Mohamed Suffian Awang			120,000.00	2,104.00	20,000.00
Datuk Dr. Salmiah Ahmad[12]			20,384.00	-	-
Dr. Mohamed Nazeeb P.Alithambi[13]			20,384.00	-	-
Datuk Mohd Anwar Yahya[14]			12,822.00	6,838.00	-
Dr. Nesadurai Kalanithi[15]			-	-	-
Non-Independent Executive Director					
Dato' Zakaria Arshad[16]	1,251,179.60	86,912.50	-	-	-
TOTAL	**1,251,179.60**	**86,912.50**	**1,382,248.00**	**128,262.00**	**74,069.00**

Notes :

1 Salary and alowances inclusive of the Company's contribution to provident fund.
2 Annual fees not inclusive of Goods and Services Tax (GST).
3 Datuk Wira Azhar Abdul Hamid was appointed as Chairman, Non-Independent Non-Executive Director on 8 September 2017.
4 Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad had resigned as Director on 19 June 2017.
5 Datuk Dr. Omar Salim had resigned as Director on 23 November 2017.
6 Dato' Sri Abu Bakar Harun was appointed as Non-Independent Non-Executive Director on 12 July 2017.
7 Dato' Ab Ghani Mohd Ali was appointed as Non-Independent Non-Executive Director on 12 July 2017.
8 Datuk Muzzammil Mohd Nor was appointed as Alternate Director to Dato' Ab Ghani Mohd Ali on 12 July 2017.

Annual Fees[2]				Annual Fees from Subsidiaries (RM)	Benefits-In-Kind (RM)	Other Benefits (RM)	Total (RM)
Investment Committee (RM)	Board Governance & Risk Management Committee (RM)	Board Tender Committee (RM)	Plantation Workforce Special Board Committee (RM)				
-	-	-	-	83,264.84	100,196.19	16,000.00	388,502.03
-	-	-	-	394,820.31	769,195.08	59,984.00	1,484,821.39
-	14,334.00	-	7,058.00	54,378.00	4,016.74	71,989.00	259,282.74
-	-	18,762.00	-	39,978.00	1,733.16	70,000.00	282,473.16
-	-	-	-	-	3,986.74	12,000.00	79,000.74
4,910.00	-	-	-	18,000.00	3,986.74	18,000.00	101,773.74
-	-	-	-	-	1,703.16	-	1,703.16
-	16,000.00	-	7,058.00	-	9,710.74	108,000.00	329,784.74
10,345.00	-	-	-	98,063.01	26,516.74	70,000.00	295,445.75
-	32,000.00	-	14,115.00	-	4,016.74	96,438.00	266,569.74
13,326.00	-	6,707.00	-	-	4,016.74	75,000.00	252,298.74
32,000.00	-	9,381.00	-	-	4,016.74	93,000.00	280,501.74
-	1,710.00	-	-	-	-	4,000.00	26,094.00
-	-	1,710.00	-	-	-	6,000.00	28,094.00
-	-	-	-	-	-	4,000.00	23,660.00
-	-	-	-	-	-	-	-
-	-	-	-	-	297,447.12	32,500.00	1,668,039.22
60,581.00	**64,044.00**	**36,560.00**	**28,231.00**	**688,504.16**	**1,230,542.63**	**736,911.00**	**5,768,044.89**

9 Datuk Noor Ehsanuddin Mohd Harun Narrashid had resigned as Director on 24 August 2017.
10 Tan Sri Dr. Sulaiman Mahbob held the position as Acting Chairman from 19 June 2017 until 8 September 2017. He had resigned as Director on 1 March 2018.
11 Dato' Mohd Zafer Mohd Hashim had resigned as Director on 31 October 2017.
12 Datuk Dr. Salmiah Ahmad was appointed as Independent Non-Executive Director on 31 October 2017.
13 Dr. Mohamed Nazeeb P.Alithambi was appointed as Independent Non-Executive Director on 31 October 2017.
14 Datuk Mohd Anwar Yahya was appointed as Independent Non-Executive Director on 23 November 2017.
15 Dr. Nesadurai Kalanithi was appointed as Independent Non-Executive Director on 1 January 2018.

SENIOR MANAGEMENT'S REMUNERATION POLICY

The Nomination and Remuneration Committee reviews annually the remuneration framework for Senior Management. The Nomination and Remuneration Committee takes into consideration the Company's performance to ensure the sustainability of the remuneration in the long run. FGV's remuneration structure which consists of fixed and variable remunerations are benchmarked against the industry to ensure alignment and pay competitiveness.

The following remuneration structure has been in effect since 2016. The Nomination and Remuneration Committee decided not to make material changes to the framework for 2017.

FIXED REMUNERATION + **VARIABLE REMUNERATION** = **TOTAL REMUNERATION**

FIXED REMUNERATION	VARIABLE REMUNERATION
BASIC SALARY	PERFORMANCE BONUS
FIXED ALLOWANCES AND OTHER BENEFITS	LONG TERM INCENTIVE PLAN

In line with ongoing cost optimization exercise, selected benefits were reduced on temporary basis since late 2017. In general, Senior Management's Performance Bonus is determined based on Group, Sector / Cluster / Division and individual performances. Individual weightage for these three factors vary between employee groups depending on employee's accountability and line of sight.

Board of Directors is responsible in assessing the individual performance of GP/CEO, Company Secretary and Chief Internal Auditor. The performance of other Senior Management is assessed by the GP/CEO.

The first Long Term Incentive Plan (LTIP) was granted in 2016 with 30% vested in March, 2017. The remaining 70% shares shall be vested in March, 2018 and 2019. The second LTIP was granted and vested in 2017. Moving forward, LTIP shall be granted and vested in the same manner as Performance Bonus aforementioned.

TOP 5 SENIOR MANAGEMENT'S REMUNERATION FOR FYE 2017

Name of Senior Management	Range of Remuneration Per Annum
Dato' Khairil Anuar Aziz *Chief Operating Officer of Sugar Sector and* *Executive Director of MSM Malaysia Holdings Berhad*	RM1,100,001-RM1,150,000
Ahmad Tifli Dato' Haji Mohd Talha *Group Chief Financial Officer and* *Chief Operating Officer of Corporate Services Sector*	RM900,001 to RM950,000
Mohd Najid Md Yahya *Chief Human Resources Officer*	RM850,001 to RM900,000
Palaniappan Swaminathan *Chief Operating Officer of Plantation Sector*	RM800,001 to RM850,000
Azman Ahmad *Chief Operating Officer of Logistics & Support Business Sector*	RM800,001 to RM850,000

The remuneration includes salaries, bonuses, benefits-in-kind and other emoluments.

GOVERNANCE AT FGV:
RELATIONS WITH OUR STAKEHOLDERS

COMMUNICATING WITH OUR STAKEHOLDERS

We are committed to communicating our strategy and activities to all our stakeholders and listening to their questions and feedback.

OUR APPROACH

We maintained an active dialogue with our shareholders throughout the year through a planned programme of investor relations activities. We also respond to daily queries from shareholders and analysts through our Investor Relations team and have a section of our website which is dedicated to shareholders and analysts. All of our financial results and corporate presentations are available on our website at www.feldaglobal.com. FGV Corporate Disclosure Policy provides the proper framework and guidelines to govern the release of material and sensitive information so as not to mislead the public and Shareholders. Information that is price sensitive or may be regarded as undisclosed material information about the Group is not disclosed to any party until it is already in the public domain through proper disclosure. FGV has in place a Shareholders Communication Policy which was approved by the Board on 25 August 2016 and is published in the Company's corporate website at www.feldaglobal.com. FGV has investor relations programmes which ensure a planned and balanced engagement with its current and potential Shareholders providing a variety of forum including meetings, conference calls, investor conferences and management presentations. All investor relations activities are conducted by management, including the GP/CEO and/or the GCFO and/or relevant EXCO Members.

INVESTOR MEETINGS

We hold meetings with major institutional investors, individual shareholder groups and financial analysts to share discuss the business performance and strategy. These are attended by the GP/CEO, EXCO members, and the Investor Relations team. Institutional investors also meet with the Chairman.

Investor queries may be addressed to the Investor Relations unit through the following contact:

Head of Investor Relations
Investor Relations and Enquiries, Felda Global Ventures Holdings Berhad,
Level 45, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia.

Tel : +603 2859 0000
Fax : +603 2859 0016
E-mail : fgv.investors@feldaglobal.com

INVESTOR RELATIONS CALENDAR Set out here is a calendar of our investor events throughout the year			**4/1/2017** Key Shareholder Engagement	**8/2/2017** Chinese New Year Celebration with Analyst	**23/2/2017** Key Shareholder Engagement
28/2/2017 Analyst Briefing Q4 2016	**3/3/2017** Fund Manager Engagement	**6-8/3/2017** POC 2017	**20/3/2017** Key Shareholder Engagement	**25/5/2017** FGV AGM 2017	**31/5/2017** Analyst Briefing Q1 2017
17/7/2017 FGV Corporate Hari Raya	**30/8/2017** Analyst Briefing Q2 2017	**6/10/2017** Fund Managers Engagement	**17/10/2017** Plantation Site Visit with Analyst	**24/11/2017** Analyst Briefing Q3 2017	**11/12/2017** Key Shareholder Engagement

BRIEFINGS ON THE QUARTERLY RESULTS

The Company holds briefings and/or conference calls with the media and analysts immediately after announcement of quarterly results to Bursa Securities, chaired by the GP/CEO or the GCFO. The briefings provide a platform for the media and analysts to receive a balanced and complete view of FGV Group's performance and the opportunity for them to seek clarification relating to the Company.

HOW WE ARE GOVERNED

GENERAL MEETINGS

The general meetings represent the primary platforms for direct two-way interaction and act as a principal forum for dialogue between the Shareholders, the Board and the EXCO.

For 2017, the Company sent out the notice of the Annual General Meeting (AGM) and related Circular to Shareholders more than 21 days ahead of the AGM. The notice of AGM was also advertised in Malaysian newspapers in dual language, English and Bahasa Malaysia. The venue of the AGM was in Kuala Lumpur and provided easy access to the Shareholders. The Chairman, the Board members, the EXCO and the external auditors were in attendance and responded to questions raised and provide clarifications as required by the Shareholders.

The GP/CEO presented the Company's performance report for the FYE 2016. The responses to questions submitted by Minority Shareholder Watchdog Group (MSWG) were then presented. All Shareholders were encouraged and were given sufficient opportunity to seek clarification about the Group's activities and prospects as well as expressing their expectations and concerns. Shareholders were also urged to participate in the question and answer session on the resolutions proposed and the Group's operations in general.

The Chairman informed that the voting would be conducted by poll through electronic voting (e-Polling). The Chairman demanded a poll voting for all resolutions. Shareholders who were unable to attend were allowed to appoint proxies in accordance with the Company's Articles of Association to attend and vote on their behalf.

The outcome of the AGM was announced to Bursa Securities on the same day and the summary of the minutes of the 2017 AGM was made available in the Company's corporate website at www.feldaglobal.com.

CORPORATE WEBSITE

FGV's corporate website at www.feldaglobal.com provides quick access to information about the Group. The information on the Company's corporate website includes corporate profile, the Board and Key Senior Management profiles, announcements released to Bursa Securities, press releases, share and dividend information, presentations to investors, financial results and corporate news. The Company's corporate website is updated periodically to provide current and comprehensive information about FGV Group.

MEDIA COVERAGE

Media coverage on the Group through print media or television coverage, is also conducted proactively at regular intervals to provide wider publicity and improve the general understanding of the Group's business among investors and the public.

GOVERNANCE AT FGV:
INTEGRITY IN CORPORATE REPORTING

FINANCIAL REPORTING AND DISCLOSURE

The Board ensures that Shareholders are presented with a clear, balanced and comprehensive view of FGV Group's financial performance and prospects through the audited financial statements, quarterly results, the Chairman's Statement, the Management Discussion & Analysis in the Annual Integrated Report 2017 as well as corporate announcements on significant developments affecting the Company and the Group in accordance with the Bursa Securities Listing Requirements. Timely release of announcements reflects the Board's commitment to provide up-to-date and transparent information on the Group's performance. In the preparation of the financial statements, the Directors have considered compliance with all applicable Financial Reporting Standards, requirements of the Companies Act, 2016 and relevant provision of laws and regulations in Malaysia and the respective countries in which the subsidiaries, associates and joint venture companies operate. The Audit Committee assists the Board in reviewing both the annual financial statements and the quarterly results to ensure the reports reflect a true and fair view of the state of affairs of the Group and the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING AUDITED FINANCIAL STATEMENTS

The Companies Act 2016 (the Act) requires the Directors to prepare Financial Statements for each financial year in accordance with the Financial Reporting Standards. The Act also places responsibility on the Directors to ensure that the Company's Financial Statements provide a true and fair view of the financial position of the Group and the Company, the financial performance and the cash flows for the financial year ended. The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's and the Company's position in the Directors' Report on pages 111-115 and the Financial Statements set out on pages 122-310 of this AIR 2017.

ANNUAL INTEGRATED REPORT

This is FGV's third AIR and its sixth Annual Report produced since its listing on Bursa Securities on 28 June 2012. The AIR provides a comprehensive report on the Group's operations and financial performance. The AIR is also printed in summary form and issued in CD-ROM format.

An online version of the AIR is also available in the Company's corporate website at www.feldaglobal.com

STATEMENT BY THE BOARD

This Statement is made in accordance with a resolution of the Board of Directors and approved at the Board Meeting dated 28 March 2018.

HOW WE APPROACH RISK

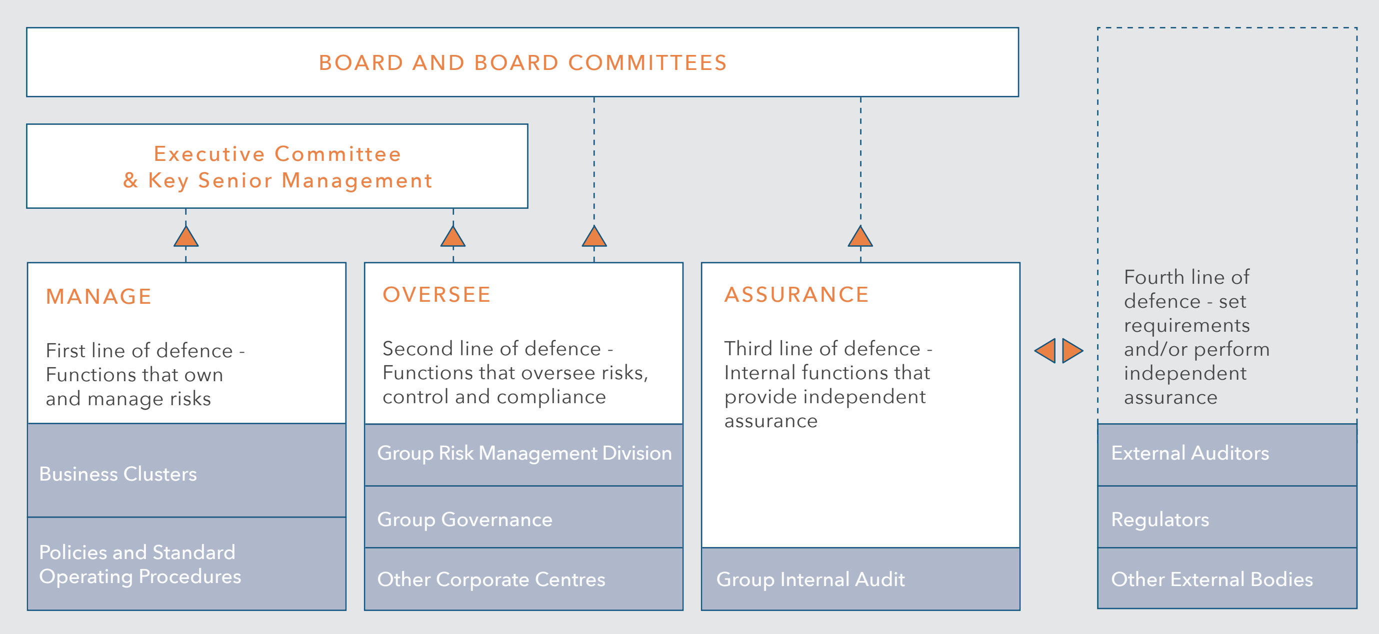
The achievement of the strategies enshrined in our SP20 (V2) requires a strong risk-centric approach to ensure the Group is always aware and prepared for the myriad risks faced by the business.

This underpinned by our robust internal controls and oversight framework are necessary prerequisites to the achievements of the Group's objectives.

OVERVIEW OF OUR APPROACH

Effective risk management is an integral part of our business model and is intended to seek opportunities from the risks, lessen the potential impacts in the event risks are crystallised and protect our reputation whilst ensuring profitability and business growth remain paramount.

The matrix for oversight, assurance, risk management and internal control is clearly set up in FGV. Our risk management oversight approach is premised on the four lines of defence model, coordinating various players involved and their activities to effectively inculcate sound risk culture.



RESPONSIBILITIES AND ACCOUNTABILITIES

The FGV Board acknowledges the principal risks of all aspects of the Group's business and recognise that business decisions involve the taking of appropriate risks. The FGV Board must ensure that there are systems in place which effectively monitor and manage these risks.

For areas pertaining to risk management and internal controls, the Board is responsible for the following:

i. Determine the Group's overall risk appetite, level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets, and communicate the same to the Senior Management;
ii. Appraise the Group's major current and emerging risks and oversee that appropriate risk management and internal control procedures are in place;
iii. Consider and approve the Group's overall risk-reward strategy and framework for managing all categories of current and emerging risks relevant to the sustainability of the Group's businesses and wellbeing of the Group and its Stakeholders, consistent with its level of risk tolerance; and
iv. Ensure proper implementation and review the Group's internal controls system, which are continually upgraded to mitigate the Group's current and emerging risks.

The Board Committees that support the Board in its risk management and internal control responsibilities are as follows:

i	ii	iii	iv	v
Board Governance & Risk Management Committee (BGRMC) is tasked to direct and oversee the formulation of a structured mechanism in the Group to inculcate a strong governance, ethical, integrity and risk management culture within the Group.	Audit Committee (AC) is tasked to assess the effectiveness of the system of internal control vis-à-vis the risks, control environment and compliance requirements of the Group.	Investment Committee (IC) is tasked to ensure investments undertaken are aligned to the Group's vision and overall risk appetite.	Nomination and Remuneration Committee (NRC) is tasked to ensure that the Group's remuneration framework attracts and retains the right talent with appropriate competencies to ensure organisation capability and human resource risks are managed.	Tender Committee is tasked to review, monitor and recommend to the Board significant matters related to procurements of the Group in line with FGV's prevailing Discretionary Authority Limits ("DAL") and Group Procurement Policies and Procedures.

The full details of the Board Committees' Terms of Reference are published in the Company's corporate website at www.feldaglobal.com.

RISK MANAGEMENT FRAMEWORK

An overview of the Group's Risk Management Framework is depicted below:-

BOARD OF DIRECTORS	BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE	EXECUTIVE COMMITTEE	GROUP RISK MANAGEMENT DIVISION	RISK OWNERS

Our risk management framework seeks to minimise risk incidents and maximise business outcomes by allowing us to:

- Understand the risk environment, and assess the specific risks and potential exposure.
- Determine how best to deal with these risks to manage overall potential exposure.
- Manage the identified risks in appropriate ways.
- Monitor and seek assurance on the effectiveness of the management of these risks and intervene for improvement where necessary.
- Escalate to the Management and the Board on a periodic basis on how significant risks are being managed, monitored, assured and improved.

The process detailed below is rolled out across the Group and risk profiles are developed at business sectors and corporate centres.

MONITORING AND REVIEW

The monitoring and review process tracks the current status of the risk profile, detects changes in the risk context and ensures that the controls are adequate in both design and operation.

RISK ASSESSMENT

Phase 1 Establish Context	Phase 2 Risk Identification	Phase 3 Risk Analysis	Phase 4 Risk Evaluation	Phase 5 Risk Treatment
Establish the strategic, organisational and risk management process context by considering the environment within which the risks are present.	Identify all uncertain future events that may impact the achievement of objectives, which form the basis for further analysis.	Assess risks in terms of impact and probability, and plot them on the FGV risk matrix to derive a prioritised list of risks for further action.	Establish an understanding of the risks by considering the relationships between the causes, risks and consequences and thus enable us to evaluate key risk mitigating controls.	Identify controls and responses to manage inherent risks to an acceptable residual risk level. Assess the effectiveness of mitigating controls in collaboration with the relevant risk and control owners.

RISK REPORTING

Communicate and consult with internal and external Stakeholders, as appropriate, at each stage of the risk management process.

RISK MANAGEMENT PROCESSES

FGV manages, monitors and reports on the key risks and uncertainties that can impact our ability to deliver our strategy while creating long-term shareholder value.

Our management systems through organisational structure, policies and procedures, core values and code of conduct together form a system of internal control that governs how we operate the business of FGV and manage associated risks.

Our Risk Management Processes are supported by policies and procedures which are consistent with the ISO 31000 Risk Management Standard, developed to aid employees in undertaking their risk management responsibilities.

GROUP RISK MANAGEMENT DIVISION

At management level, Board is supported by a dedicated Group Risk Management Division (GRMD) which undertakes the following responsibilities:

- Reviewing, assessing, enhancing and monitoring the Group's Risk Management Framework including risk management policies and procedures
- Preparing risk reports to BGRMC and the Board
- Maintaining the risk registers of the Group
- Undertaking analysis on specific risks and where necessary, reporting the same to BGRMC and the Board
- Providing guidance to the Group's operations in identifying and assessing risks, developing relevant and effective mitigation strategies to manage the risks
- Overseeing the Group's Business Continuity Management (BCM)

RISK MANAGEMENT KEY ACTIVITIES

In 2017, we have enhanced the integration of our strategies and risk management, thereby enabling us to take the appropriate mitigation measures towards achieving our objectives.

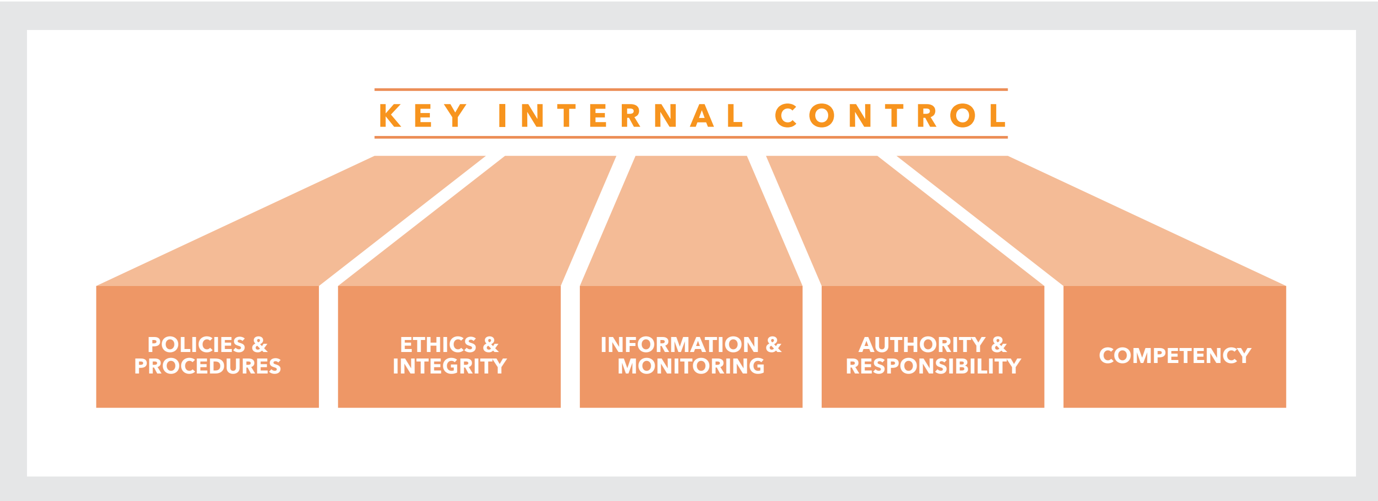
Listed below are the key risk management activities undertaken by GRMD in 2017 to inculcate and embed risk management culture in the Group:

Activities	Description
Risk Management Framework	Various initiatives were undertaken to strengthen FGV's Risk Management Framework, in line with the two-year implementation roadmap which commenced last year. This includes the Risk Appetite Statement, new ERM System and the GRMD Intranet Hub, amongst others.
Governance Quantum Leap	GRMD led the Governance Quantum Leap project to improve perceived weaknesses in FGV's corporate governance. Areas addressed are tightening finance policies and procedures, strengthening internal controls and enhancing Board oversight.
Risk Appetite Statement	The Risk Appetite Statement was approved and implemented for the Group effective 3rd Quarter 2017. It is a tool developed to measure empirically the corporate risk profile by using pertinent variables including key risk indicators, risk weightage and risk tolerance thresholds.
Quarterly Risk Report for FGV Group	Enhanced the efficacy of the Quarterly Risk Report by incorporating empirical quantification of the potential loss quantum of FGV's key risks. This is on top of the coverage of enterprise & business risks, emerging risks, project risks and reputational risks.
Project/Business Proposal Risk Review	Assisted the business by facilitating risk assessments of various business proposals and projects. GRMD ensured sound methodology is applied in the dimensioning and quantification of the relevant project or business risks.
New ERM System	GRMD deployed a new Enterprise Risk Management (ERM) System which automates and elevates FGV's internal risk management processes in line with ISO standards. The new system improves risk identification, assessment and mitigation monitoring of the FGV risk registers.
New Risk Registers	Five new risk registers were created for companies within the Group with material risk exposures yet to have risk registers.
Risk Intranet Hub	A GRMD intranet hub was launched as a source of information, training and awareness for risk practitioners across the Group, and also serves as a gateway to the new ERM System.
Training and Awareness	15 risk review sessions, 26 risk based awareness trainings and 26 BCM training sessions were conducted in FGV for year 2017.
BCM Testing	28 BCM testing exercises were conducted across the Group.

OUR KEY INTERNAL CONTROL STRUCTURE

Our integrated internal control frameworks ensure the necessary checks and balances are in place. Our framework applies to all subsidiaries within the Group except for joint venture companies and associates not managed by us. However, we ensure that our interests and investments are safeguarded by having Board representation(s) and/or nominated appointee(s) in the respective joint ventures and/or associates.

The key elements of our internal control structure are as follows:



Policies and Procedures

Our internal control policies and procedures are clearly defined in formal policy manuals, which include the Company's Code of Conduct and Management Control Standards Manual. Such controls are extended and implemented by our subsidiaries. These policies and procedures are established with reference to International Standards such as inter alia, ISO 9001, ISO 14001, OSHAS 18001, RSPO, HACCP, HALAL. The latest version of ISO 9001:2015 has given greater emphasis in managing risk within its operations. The operational policies and procedures are reviewed periodically to remain effective and relevant to support the Group's business activities at all times as it continues to grow and transform locally and across borders. Both Group and Operational policies also facilitate compliance to regulations, listing and governance requirements.

Ethics and Integrity

FGV is committed in conducting its business with integrity and in an ethical manner as it has always been fundamental to our internal control. The strong commitment of the Group in upholding integrity is evidenced by:

- Code of Business Conduct and Ethics for Employees (COBCE)
- External Gift, Entertainment & Hospitality Policy (GEH)
- Asset/Personal Interest Declaration Policy (APID)
- Whistleblowing Policy and Procedures

Information and Monitoring

Our performance against our business plan and annual budget is measured and monitored through the following mechanisms:

Tableau Online Performance Dashboard

Selected key employees use the Tableau as an online performance dashboard to monitor the monthly business performance, to analyse and make appropriate business decisions with the view to achieve the Group's organisational goals.

Tableau performance dashboard was introduced in April 2016 and covers both financial and operational parameters.

The dashboard is reviewed by Group CFO and subsequently presented to EXCO on a monthly basis.

Financial and Operational Review

The GP/CEO and the Group CFO present the Group Quarterly Financial Statements and the Operational Performance analysis to the Audit Committee and the Board for approval and subsequently released to Bursa Malaysia.

Authority and Responsibility

- **Organisation Structure**

  The Group has restructured its core operations from six clusters to focus on just four main sectors, namely Plantation Sector, Logistics & Support Business (LSB) Sector, Sugar Sector and Corporate Services Sector whilst Corporate Centre Divisions continue to provide support to the businesses. The revision of organisation structure was undertaken to:

  i. Strengthen FGV position to move forward and create the best outcomes for long-term success, especially the plantation sector where there will be a fully integrated value chain.
  ii. Ensure internal structure is geared towards its strategy, to strengthen leadership team and create synergy for the Group to deliver sustainable performance.

- **Group Discretionary Authority Limits (DAL)**

  In line with the effort of improving internal controls, the Group's DAL is continuously reviewed and updated to promote organisational efficiency whilst ensuring that it is aligned to the Group's way of doing business and tolerance for risk. The Group DAL establishes a sound framework of authority and accountability within the Group, including the segregation of duties, which facilitates timely, effective and quality decision-making in addition to stricter financial controls. The last review of Group DAL was recently undertaken, and approved by the Board on 22 February 2018.

- **Employee Approving Authority (EAA)**

  Group EAA was implemented in April 2015 to delineate the delegation of authority in respect of HR related processes to ensure accountability across Business Sectors and Corporate Centre Divisions. The EAA was reviewed holistically and updated effective in April 2017 to ensure alignment with the revised organisation structure and maintain its relevance to the business and operational needs.

- **Group Human Resource Policies**

  Group Human Resource Policies have been continually updated and revised throughout 2017 to provide guidelines on the approach adopted by the organisation to its employees concerning various aspects of employment.

- **Standard Operating Procedures (SOPs)**

  Standard Operating Procedures (SOPs) for Human Resource processes were formulated in late 2016 and implemented since January 2017 to assist employees to carry out operations with the aim of achieving efficiency, quality output and uniformity of performance while reducing miscommunication and failure to comply with Group HR policies and procedures.

Competency

In order to ensure business sustainability and ensuring continuous supply of competent workforce, we have established FGV Academy. FGV Academy aims to drive HR excellence on the people and processes and create smart integration for all learning and development activities within the Group with the goal of:

i. Positively impact the business in the areas of operational excellence, enhancing revenue, cost optimization, talent development and employee engagement;
ii. Creating a learning and development branding to boost FGV's corporate image; and
iii. Establish sustainable human capital development programmes that are aligned with FGV's mission to create value through our human capital.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

In the spirit of ensuring continuous improvement of the Risk Management and Internal Control system, FGV conducted the following review processes in the financial year:

Assessment of Controls

Detailed risk assessments were carried out in close collaboration with our Stakeholders (Risk Owners and Risk Champions) in which mitigation controls for the risks are performed quarterly. The effectiveness of these mitigations are measured by monitoring and updating the outcomes of these controls against identified key objectives. The controls and mitigations are approved by the relevant Senior Management of the subsidiaries, corporate centres, and sectors and finally the GP/CEO prior to reporting to BGRMC.

Review of Risk Register

At the Group level, the consolidated risk register was analysed on a quarterly basis by Group Risk Management Division (GRMD) to ensure it was in accordance to the policies and procedures. Parallel to this, GRMD also facilitated risk register Review sessions with specific subsidiaries and corporate centres to identify and communicate improvement opportunities in the individual risk registers.

Project/Business Proposal Risk Review

GRMD facilitates business units to identify, assess risks and formulate the necessary mitigation plans for relevant projects.

Independent Group Internal Audit Review

The Group Internal Audit Division (GIA) conducts regular and systematic reviews to provide an independent and objective assurance to the Audit Committee and management, focusing on the adequacy and effectiveness of the governance, risk management and controls processes in place.

Business Continuity Plan (BCP) Documentation Review

GRMD regularly reviews the effectiveness of the BCP Documentation together with Business Continuity Management (BCM) Coordinators across the Group. The BCP Documentation was designed to cater for every business stream. Business mitigation strategy was reviewed and revised according to the business operation environment annually. These practices ensure the Group are well versed with their BCP Strategy and thus, be able to respond effectively in the event of a disaster.

RISK MANAGEMENT APPROACH FOR FGV'S LISTED SUBSIDIARY

MSM Malaysia Holdings Berhad (MSM), as a listed subsidiary of FGV, undertakes its risk management and internal control responsibilities through MSM's Audit Committee, MSM's Investment Committee and MSM's Board Governance & Risk Management Committee for subsequent deliberation at MSM's Board. Any risks identified as having significant impact on FGV Group are reported to BGRMC and where it has direct impact to the financial performance of the Group, is reported directly to Audit Committee, and subsequently to FGV's Board.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT BY THE BOARD

Based on the processes and measures undertaken by the Board and its Committees during the financial year and assurance provided by the GP/CEO and the Group CFO, the Board is of the view that the risk management framework and internal control system as described in this Statement are operating adequately and effectively in all material aspects to safeguard the interests of our Stakeholders.

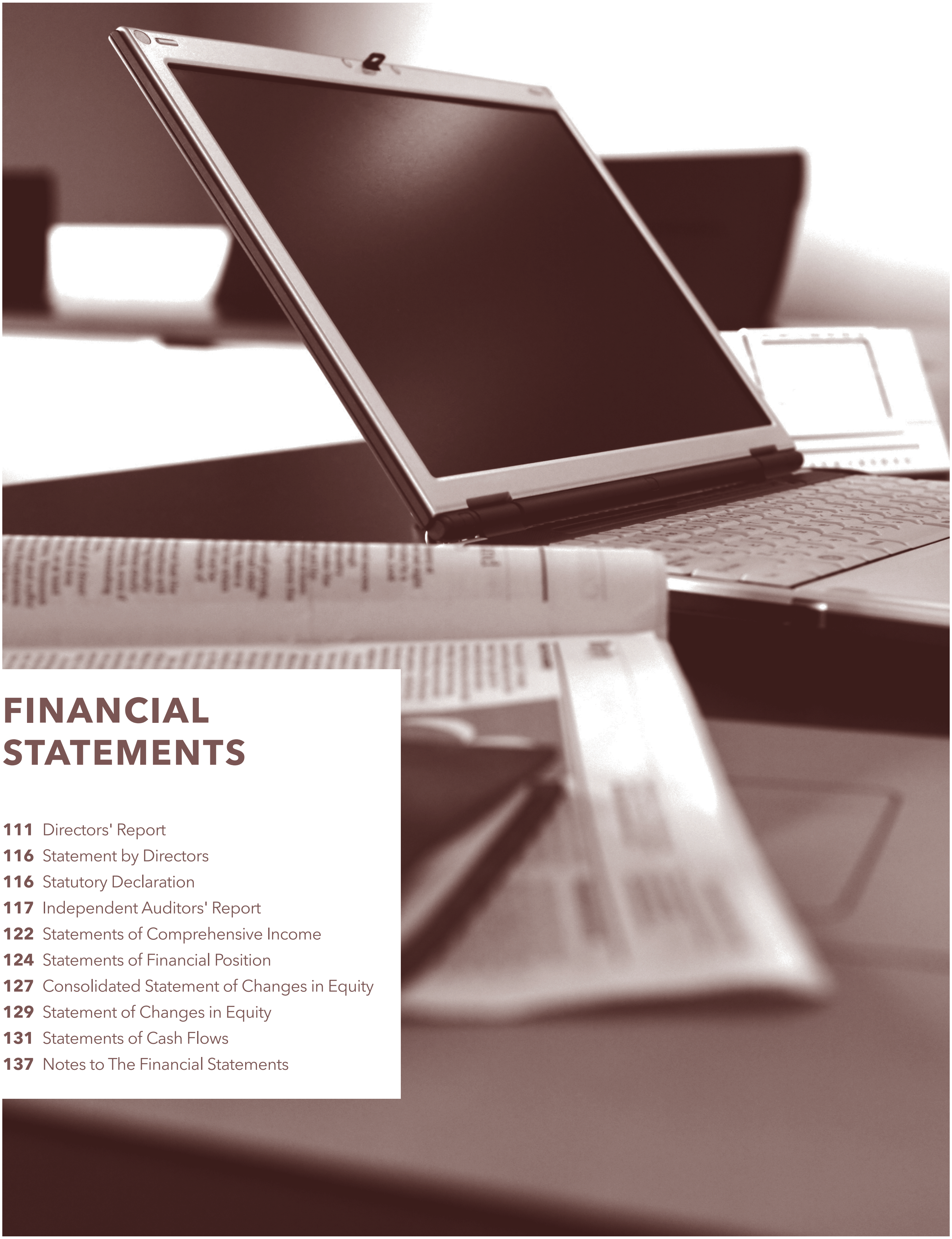
This Statement is made in accordance with the resolution of the Board dated 28 March 2018.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 (Act) to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2017 set out on pages 122 to 310, the Group and the Company have applied the appropriate accounting policies on a consistent basis and supported by reasonable and prudent judgments and estimates.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and of the Company to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. This statement is made in accordance with a resolution of the Board of Directors dated 16 April 2018.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting the annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Wira Azhar Abdul Hamid	(Appointed on 8 September 2017)
Dato' Zakaria Arshad	
Dato' Yahaya Abd Jabar	
Dato' Mohamed Suffian Awang	
Datuk Siti Zauyah Md Desa	
Dato' Sri Abu Bakar Harun	(Appointed on 12 July 2017)
Dato' Ab Ghani Mohd Ali	(Appointed on 12 July 2017)
Datuk Muzzammil Mohd Nor	(Appointed on 12 July 2017)
(Alternate Director to Dato' Ab Ghani Mohd Ali)	
Datuk Dr. Salmiah Ahmad	(Appointed on 31 October 2017)
Dr. Mohamed Nazeeb P.Alithambi	(Appointed on 31 October 2017)
Datuk Mohd Anwar Yahya	(Appointed on 23 November 2017)
Dr. Nesadurai Kalanithi	(Appointed on 1 January 2018)
Tan Sri Hj. Mohd Isa Dato' Hj. Abdul Samad	(Resigned on 19 June 2017)
Datuk Noor Ehsanuddin Mohd Harun Narrashid	(Resigned on 24 August 2017)
Dato' Mohd Zafer Mohd Hashim	(Resigned on 31 October 2017)
Datuk Dr. Omar Salim	(Resigned on 23 November 2017)
Tan Sri Dr. Sulaiman Mahbob	(Resigned on 1 March 2018)

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company with investments primarily in oil palm plantation and its related downstream activities, sugar refining, trading, logistics, marketing, rubber processing, research and development activities and related agribusiness activities. The principal activities of the subsidiaries are stated in Note 21 to the financial statements.

There were no significant changes in the nature of these activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit attributable to owners of the Company	143,727	120,769
Non-controlling interests	64,319	-
Profit for the financial year	208,046	120,769

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 31 December 2016 are as follows:

	RM'000
In respect of the financial year ended 31 December 2016:	
- Final single tier dividend of 1.0 sen per share, paid on 15 June 2017	36,484
In respect of the financial year ended 31 December 2017:	
- Interim single tier dividend of 5.0 sen per share, paid on 28 December 2017	182,406
	218,890

The Board of Directors do not recommend payment of any final dividend in respect of the financial year ended 31 December 2017.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

SHARE CAPITAL

The Companies Act 2016 ("2016 Act") which came into effect on 31 January 2017 has repealed the Companies Act, 1965. The 2016 Act has abolished the concept of par or nominal value of shares and hence, the share premium, capital redemption reserve and authorised capital are abolished. In accordance with Section 618(2) of the 2016 Act, any amounts standing to the credit of the Company's share premium account and capital redemption reserve of RM3,371,685,000 and RM10,052,000 respectively become part of the Company's share capital upon commencement of the 2016 Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

LONG TERM INCENTIVE PLAN

The Company established a long term incentive plan ("LTIP") in the form of employee share grant scheme which is governed by the By-Laws which was approved on 3 February 2016.

Pursuant to the LTIP, the Company shall award the grant of up to 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the LTIP, to the employees of the Company and its subsidiaries ("Group") and Executive Director of the Company who fulfil the eligibility criteria as eligible employees and is administered by the LTIP Committee.

The LTIP comprises restricted share ("RS") grant and performance share ("PS") grant which shall be in force for a period of 10 years commencing from 3 February 2016, being the effective date of the implementation of the LTIP.

Details of the LTIP are disclosed in Note 52 to the financial statements.

During the financial year, 5,342,400 RS (2016: 859,800 RS) under the LTIP were granted to eligible employees of the Group. Subject to the terms and conditions of the By-Laws, the employees shall be awarded of ordinary shares in the Company, after meeting the vesting conditions as set out in the letter of offer for the shares under the LTIP. All RS granted during the financial year were vested other than those forfeited. The RS granted in previous financial year has a three years vesting period and the first vesting date was on 31 March 2017.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the LTIP as disclosed in Directors' Interest in Shares and Debentures.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

Shareholdings in Felda Global Ventures Holdings Berhad

	Number of ordinary shares				
	Date of appointment/ at 1.1.2017	Acquired	Vested	(Disposed)	At 31.12.2017
Datuk Wira Azhar Abdul Hamid	100,000	94,500	-	-	194,500
Tan Sri Dr. Sulaiman Mahbob	50,000	-	-	-	50,000
Dato' Zakaria Arshad	165,000	-	85,600	-	250,600
Dato' Sri Abu Bakar Harun	800	-	-	-	800
Dr. Mohamed Nazeeb P.Alithambi	7,000	-	-	-	7,000

	Number of ordinary shares granted under LTIP					
	Grant Date	Type	At 1.1.2017	Granted	(Vested)	At 31.12.2017
Dato' Zakaria Arshad	1.7.2016	RS	147,100	-	(44,100)	103,000
	30.11.2017	RS	-	41,500	(41,500)	-

Shareholdings in MSM Malaysia Holdings Berhad, a subsidiary of the Group

	Number of ordinary shares			
	At 1.1.2017	Acquired	(Disposed)	At 31.12.2017
Tan Sri Dr. Sulaiman Mahbob	20,000	-	-	20,000

FINANCIAL STATEMENTS

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 11 to the financial statements.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 12 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and Officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The total amount of issuance premium paid by the Group during the financial year amounted to RM205,000.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps :

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Notes 7, 8, 11, 18, 25 and 57 to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 16 April 2018. Signed on behalf of the Board of Directors:

DATUK MOHD ANWAR YAHYA
DIRECTOR

DATO' ZAKARIA ARSHAD
DIRECTOR

Kuala Lumpur

STATEMENT BY
DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Mohd Anwar Yahya and Dato' Zakaria Arshad, two of the Directors of Felda Global Ventures Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 122 to 310 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 16 April 2018.

DATUK MOHD ANWAR YAHYA
DIRECTOR

DATO' ZAKARIA ARSHAD
DIRECTOR

Kuala Lumpur

STATUTORY
DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Ahmad Tifli Dato' Mohd Talha, the Officer primarily responsible for the financial management of Felda Global Ventures Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 122 to 310 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

AHMAD TIFLI DATO' MOHD TALHA

Subscribed and solemnly declared by the abovenamed Ahmad Tifli Dato' Mohd Talha in Kuala Lumpur on 16 April 2018, before me.

Commissioner for Oaths

Lot 333, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.

PESURUHJAYA SUMPAH
No. W 530
TAN SEOK KETT
MALAYSIA

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FELDA GLOBAL VENTURES HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Felda Global Ventures Holdings Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 122 to 310.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FELDA GLOBAL VENTURES HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There is no key audit matter of the Company for the current financial year.

Key audit matters	How our audit addressed the key audit matters
Land Lease Agreement ("LLA") Liability assessment	
As at 31 December 2017, the LLA liability for the Group amounted to RM4.4 billion. We focused on this area as the fair value of the LLA liability is determined based on cash flows projections, which require significant estimates made by management on the assumptions used in the calculations, in particular, prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK"), Fresh Fruit Bunches ("FFB") yield, mature and immature estate costs. Refer to Note 3(i) in the significant accounting policies, Note 5(i) in the critical accounting estimates and judgments and Note 45 to the financial statements.	We have performed the following audit procedures: • We checked the appropriateness of fair value model used. We also assessed the reasonableness of management's key assumptions used in the cash flows projections comprising prices of CPO and PK, FFB yield and mature and immature estate costs, by comparing against those used in business plans, historical data and industry trend; • We evaluated the reliability of management's cash flows projections by comparing the actual past financial performance against previous forecasted results; • We examined sensitivity analysis performed by management on the discount rate, prices of CPO and PK, FFB yield, mature and immature estate costs to evaluate the impact on the LLA liability; and • We assessed the adequacy of the disclosures in the financial statements. Based on our procedures, we noted no significant exceptions.
Goodwill impairment assessment	
As at 31 December 2017, the Group's carrying value of goodwill of RM1,315.9 million comprised goodwill in relation to sugar business in Malaysia of RM576.2 million and palm upstream operations in Malaysia of RM739.7 million. Goodwill is subject to annual impairment testing. We focused on this area as the determination of recoverable amounts of the assets in the two Cash Generating Units ("CGUs") based on discounted cash flows projections prepared by management, involved a significant degree of judgment in determining the key assumptions in particular selling price and sales volume, raw sugar price and terminal value growth rate for sugar business and prices of CPO and PK, FFB yield and mature and immature estate costs for palm upstream operations. Refer to Note 3(d) in the significant accounting policies, Note 5(ii) in the critical accounting estimates and judgments and Note 20 to the financial statements.	We have performed the following audit procedures: • We assessed the reliability of management's projections through the comparison of actual past financial performances against previous forecasted results; • We assessed the reasonableness of the key assumptions below, which were used by management in developing the discounted cash flows projections, by comparing against historical data and industry trends; **Business** — **Key assumptions** Sugar business — Selling price and sales volume, raw sugar price and terminal value growth rate. Palm upstream operations — CPO price, PK price, FFB yield and mature and immature estate costs • We examined sensitivity analysis performed by management on selling price and sales volume, raw sugar price, terminal value growth rate and discount rate for sugar business, and CPO and PK price, FFB yield, mature and immature estate costs, and discount rate for palm upstream operations to evaluate the impact on the impairment assessment; and • We assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on our procedures, we noted no significant exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of deferred tax assets	
As at 31 December 2017, the Group has recognised deferred tax assets amounted to RM740.4 million which include deferred tax assets in respect of unused tax losses of certain loss making subsidiaries of the Group amounted to RM199.3 million. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilised. This involves judgments regarding the future financial performance of the subsidiaries in which the deferred tax assets have been recognised and hence, an area of focus for our audit. Refer to Note 3(q) in the significant accounting policies, Note 5(iii) in the critical accounting estimates and judgments and Note 48 to the financial statements.	We have performed the following audit procedures: • We assessed the reliability of management's projection of future taxable profits by comparing actual past financial performances against previous forecasted results; and • We assessed the reasonableness of the key assumptions used in estimating future taxable profit in particular, CPO price, FFB yield and mature estate costs for its plantation subsidiaries, and commission rate and yearly sales quantity arranged for its marketing subsidiary, by comparing against the historical data and industry trends. Based on our procedures, we noted no significant exceptions.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Company's Corporate Information, Statement from the Chairman, Management Discussion and Analysis (including Message from the Group President/Chief Executive Officer and Performance by Sector), Corporate Governance Overview Statement, Statement of Risk Management and Internal Control, Directors' Report, and other sections of the 2017 Annual Integrated Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 21 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

AZIZAN ZAKARIA
2930/05/18 (J)
Chartered Accountant

Kuala Lumpur
16 April 2018

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Revenue	6	16,939,704	17,241,275	419,077	354,958
Cost of sales		(14,981,874)	(15,671,481)	(79,739)	(79,451)
Gross profit		1,957,830	1,569,794	339,338	275,507
Other operating income	7	205,747	136,218	876	2,303
Selling and distribution costs		(370,504)	(308,790)	-	-
Administrative expenses		(982,299)	(933,698)	(116,020)	(136,169)
Other operating expenses	8	(51,825)	(15,852)	(69)	(80,156)
Other losses, net	9	(259,522)	(70,448)	-	-
Operating profit		499,427	377,224	224,125	61,485
Finance income	10	73,060	56,796	-	-
Finance costs	10	(183,421)	(184,007)	(98,674)	(107,547)
Share of results from associates	22	21,336	29,767	-	-
Share of results from joint ventures	23	6,188	(19,478)	-	-
Profit/(loss) before zakat and taxation		416,590	260,302	125,451	(46,062)
Zakat	13	(5,056)	(17,765)	-	-
Taxation	14	(203,488)	(176,078)	(4,682)	(24,873)
Profit/(loss) for the financial year	11	208,046	66,459	120,769	(70,935)
Profit/(loss) attributable to:					
Owners of the Company		143,727	31,466	120,769	(70,935)
Non-controlling interests		64,319	34,993	-	-
		208,046	66,459	120,769	(70,935)
Earnings per share ("EPS") attributable to owners of the Company					
Basic and diluted EPS (sen)	16	3.9	0.9		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Profit/(loss) for the financial year (continued)	208,046	66,459	120,769	(70,935)
Other comprehensive (loss)/income:				
Item that will not be reclassified to profit or loss				
Actuarial loss on defined benefit plan	(8,109)	(9,788)	(168)	(344)
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	(89,012)	21,930	-	-
Fair value changes in available-for-sale financial assets	(7,397)	(4,618)	-	-
Transfer of reserve on derecognition of available-for-sale financial assets	(33,675)	-	-	-
Share of other comprehensive loss of an associate	(2,781)	(2,619)	-	-
Share of other comprehensive (loss)/ income of joint ventures	(5,195)	3,662	-	-
Cash flow hedge reserve	717	-	-	-
	(137,343)	18,355	-	-
Total other comprehensive (loss)/income for the financial year, net of tax	(145,452)	8,567	(168)	(344)
Total comprehensive income/(loss) for the financial year	62,594	75,026	120,601	(71,279)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	31,569	41,094	120,601	(71,279)
Non-controlling interests	31,025	33,932	-	-
	62,594	75,026	120,601	(71,279)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	18	10,445,915	10,073,774	28,029	34,418
Investment properties	19	118,169	127,017	16,046	7,772
Intangible assets	20	1,536,568	1,576,033	34,899	33,043
Investment in subsidiaries	21	-	-	8,763,967	8,752,406
Interests in associates	22	275,478	260,700	-	-
Interests in joint ventures	23	585,773	628,071	-	-
Prepaid lease payments	24	71,666	75,710	-	-
Receivables	25	88,057	107,661	-	-
Amount due from a joint venture	26	26,941	20,914	-	-
Biological assets	27	23,931	29,044	-	-
Deferred tax assets	48	740,359	779,421	-	-
Derivative financial assets	33	717	-	-	-
Available-for-sale financial assets	28	157,877	154,810	-	-
Loans due from joint ventures	29	71,431	54,222	-	-
		14,142,882	13,887,377	8,842,941	8,827,639
Current assets					
Inventories	30	2,126,893	2,189,255	-	-
Receivables	25	1,376,916	1,755,127	19,579	22,267
Amount due from a significant shareholder	26	215,389	182,531	20	20
Amounts due from subsidiaries	26	-	-	774,524	609,851
Amounts due from joint ventures	26	472,938	524,429	-	-
Amount due from an associate	26	-	214	-	-
Amounts due from other related companies	26	146,789	172,625	230	216
Loans due from subsidiaries	31	-	-	3,664	206,013
Tax recoverable		203,309	189,700	10,480	17,229
Available-for-sale financial assets	28	6,409	159,431	-	-
Financial assets at fair value through profit or loss	32	49,321	58,322	-	-
Derivative financial assets	33	6,875	5,489	-	-
Deposits, cash and bank balances	34	1,740,658	1,854,054	47,872	79,197
		6,345,497	7,091,177	856,369	934,793
Assets held for sale	35	72,239	48,132	-	-
		6,417,736	7,139,309	856,369	934,793
Total assets		20,560,618	21,026,686	9,699,310	9,762,432

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	36	7,029,889	3,648,152	7,029,889	3,648,152
Share premium	37	-	3,371,685	-	3,371,685
Treasury shares	38	(1,484)	(1,488)	(1,484)	(1,488)
Foreign exchange reserve	39	119,077	215,241	-	-
Reorganisation reserve	40	(3,060,790)	(3,060,790)	-	-
Other reserves	41	(5,453)	14,748	416	10,481
Retained earnings		1,525,806	1,606,827	36,978	135,267
Equity attributable to owners of the Company		5,607,045	5,794,375	7,065,799	7,164,097
Non-controlling interests		2,253,398	2,403,166	-	-
Total equity		7,860,443	8,197,541	7,065,799	7,164,097
Non-current liabilities					
Borrowings	42	733,234	198,992	-	-
Loans due to a significant shareholder	43	1,222,765	1,475,799	1,222,765	1,475,799
Loans due to subsidiaries	44	-	-	667,669	252,109
Land lease agreement ("LLA") liability	45	4,067,794	4,125,032	-	-
Provision for asset retirement	46	32,725	32,129	-	-
Provision for defined benefit plan	47	87,768	71,907	2,018	1,583
Deferred tax liabilities	48	799,304	832,908	-	-
		6,943,590	6,736,767	1,892,452	1,729,491

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current liabilities					
Payables	49	1,217,064	1,460,240	39,963	40,907
Loans due to a significant shareholder	43	164,551	213,206	164,551	213,206
Loans due to subsidiaries	44	-	-	435,090	48,896
Amount due to a significant shareholder	26	483,166	399,190	16,985	6,568
Amount due to an associate	26	37	167	-	-
Amounts due to subsidiaries	26	-	-	84,346	18,302
Amounts due to joint ventures	26	-	6	-	-
Amounts due to other related companies	26	128,641	11,433	124	65
Derivative financial liabilities	33	1,039	19,434	-	-
Borrowings	42	3,376,922	3,692,140	-	540,900
Provision for asset retirement	46	648	718	-	-
Provision for litigation loss	51	32,841	-	-	-
Current tax liabilities		3,712	7,715	-	-
LLA liability	45	325,486	282,532	-	-
		5,734,107	6,086,781	741,059	868,844
Liabilities related to assets held for sale	35	22,478	5,597	-	-
		5,756,585	6,092,378	741,059	868,844
Total liabilities		12,700,175	12,829,145	2,633,511	2,598,335
Total equity and liabilities		20,560,618	21,026,686	9,699,310	9,762,432

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Share capital (Note 36) RM'000	Share premium (Note 37) RM'000	Treasury shares (Notes 38) RM'000	Foreign exchange reserve (Note 39) RM'000	Reorganisation reserve (Note 40) RM'000	Other reserves (Note 41) RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
2017											
At 1 January 2017		3,648,152	3,371,685	(1,488)	215,241	(3,060,790)	14,748	1,606,827	5,794,375	2,403,166	8,197,541
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		-	-	-	-	-	-	143,727	143,727	64,319	208,046
Other comprehensive (loss)/income for the financial year, net of tax:											
Item that will not be reclassified to profit or loss											
- actuarial loss on defined benefit plan		-	-	-	-	-	-	(6,215)	(6,215)	(1,894)	(8,109)
Items that may be subsequently reclassified to profit or loss											
- 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 loss of an associate		-	-	-	(2,002)	-	-	-	(2,002)	(779)	(2,781)
- share of other comprehensive (loss)/income of joint ventures		-	-	-	(5,552)	-	-	357	(5,195)	-	(5,195)
- cash flow hedge reserve		-	-	-	-	-	366	-	366	351	717
		-	-	-	(96,164)	-	(10,136)	357	(105,943)	(31,400)	(137,343)
Total comprehensive (loss)/income for the financial year		-	-	-	(96,164)	-	(10,136)	137,869	31,569	31,025	62,594
Transactions with owners											
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
Dividends paid for the financial year ended	15										
- 31 December 2016 (final)		-	-	-	-	-	-	(36,484)	(36,484)	-	(36,484)
- 31 December 2017 (interim)		-	-	-	-	-	-	(182,406)	(182,406)	-	(182,406)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(185,295)	(185,295)
Total transactions with owners		-	-	4	-	-	(13)	(218,890)	(218,899)	(180,793)	(399,692)
At 31 December 2017		7,029,889	-	(1,484)	119,077	(3,060,790)	(5,453)	1,525,806	5,607,045	2,253,398	7,860,443

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Share capital (Note 36) RM'000	Share premium (Note 37) RM'000	Treasury shares (Notes 38) RM'000	Foreign exchange reserve (Note 39) RM'000	Reorganisation reserve (Note 40) RM'000	Other reserves (Note 41) RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
2016											
At 1 January 2016		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:											
Item that will not be reclassified to profit or loss											
- actuarial loss on defined benefit plan		-	-	-	-	-	-	(7,474)	(7,474)	(2,314)	(9,788)
Items that may be subsequently reclassified to profit or loss											
- 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 an 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 comprehensive income/(loss) for the financial year		-	-	-	21,720	-	(4,618)	23,992	41,094	33,932	75,026
Transactions with owners											
Treasury shares		-	-	(1,488)	-	-	-	-	(1,488)	-	(1,488)
Employee share grant		-	-	-	-	-	429	-	429	-	429
Accretion of interest in a subsidiary		-	-	-	-	-	-	-	-	1,800	1,800
Liquidation of a subsidiary		-	-	-	-	-	-	-	-	(29,053)	(29,053)
Dividends paid for the financial year ended	15										
- 31 December 2015 (final)		-	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(115,187)	(115,187)
Total transactions with owners		-	-	(1,488)	-	-	429	(72,963)	(74,022)	(142,440)	(216,462)
At 31 December 2016		3,648,152	3,371,685	(1,488)	215,241	(3,060,790)	14,748	1,606,827	5,794,375	2,403,166	8,197,541

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Non-distributable				Distributable	
		Share capital (Note 36) RM'000	Share premium (Note 37) RM'000	Treasury shares (Note 38) RM'000	Other reserves (Note 41) RM'000	Retained earnings RM'000	Total RM'000
2017							
At 1 January 2017		3,648,152	3,371,685	(1,488)	10,481	135,267	7,164,097
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		-	-	-	-	120,769	120,769
Item that will not be reclassified to profit or loss							
- actuarial loss on defined benefit plan		-	-	-	-	(168)	(168)
Total comprehensive income for the financial year		-	-	-	-	120,601	120,601
Transactions with owners							
Treasury shares		-	-	(8,588)	-	-	(8,588)
Employee share grant		-	-	-	2,425	-	2,425
Recharged to subsidiaries		-	-	-	6,154	-	6,154
Transfer to LTIP reserve		-	-	8,592	(8,592)	-	-
Dividends paid for the financial year ended	15						
- 31 December 2016 (final)		-	-	-	-	(36,484)	(36,484)
- 31 December 2017 (interim)		-	-	-	-	(182,406)	(182,406)
Total transactions with owners		-	-	4	(13)	(218,890)	(218,899)
At 31 December 2017		7,029,889	-	(1,484)	416	36,978	7,065,799

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Non-distributable				Distributable	
		Share capital (Note 36) RM'000	Share premium (Note 37) RM'000	Treasury shares (Note 38) RM'000	Other reserves (Note 41) RM'000	Retained earnings RM'000	Total RM'000
2016							
At 1 January 2016		3,648,152	3,371,685	-	10,052	279,509	7,309,398
Loss for the financial year		-	-	-	-	(70,935)	(70,935)
Item that will not be reclassified to profit or loss							
- actuarial loss on defined benefit plan		-	-	-	-	(344)	(344)
Total comprehensive loss for the financial year		-	-	-	-	(71,279)	(71,279)
Transactions with owners							
Treasury shares		-	-	(1,488)	-	-	(1,488)
Employee share grant		-	-	-	215	-	215
Recharged to subsidiaries		-	-	-	214	-	214
Dividends paid for the financial year ended							
- 31 December 2015 (final)	15	-	-	-	-	(72,963)	(72,963)
Total transactions with owners		-	-	(1,488)	429	(72,963)	(74,022)
At 31 December 2016		3,648,152	3,371,685	(1,488)	10,481	135,267	7,164,097

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the financial year	208,046	66,459	120,769	(70,935)
Adjustments for:				
Taxation	203,488	176,078	4,682	24,873
Zakat	5,056	17,765	-	-
Depreciation of property, plant and equipment	572,818	677,792	5,294	5,954
Impairment loss on property, plant and equipment (net)	14,417	87,821	-	-
Property, plant and equipment written off	22,901	17,973	1	3
Gain on disposal of property, plant and equipment	(303)	(237)	-	-
Depreciation of investment properties	12,030	11,912	638	435
Amortisation of intangible assets	22,725	33,275	7,383	6,227
Impairment loss on intangible assets	-	11,818	-	-
Amortisation of prepaid lease payments	2,964	5,122	-	-
Impairment loss on prepaid lease payments	-	2,515	-	-
Amortisation of biological assets	93	128	-	-
Biological assets written off	5,852	68	-	-
Assets held for sale written off	111	-	-	-
Gain on disposal of assets held for sale	-	(1,414)	-	-
Impairment loss on amount due from a significant shareholder	1,779	-	-	-
Impairment loss on amount due from a joint venture	10,366	13,893	-	-
Impairment loss on investment in a joint venture	2,444	-	-	-
Balance carried forward	1,084,787	1,120,968	138,767	(33,443)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Balance brought forward	1,084,787	1,120,968	138,767	(33,443)
Impairment loss in a subsidiary	-	-	-	80,152
Loss/(gain) on liquidation of a subsidiary	68	(26,124)	68	-
Gain on disposal of available-for-sale financial assets	(73,196)	-	-	-
Gain on disposal of financial assets at fair value through profit or loss	(3,492)	-	-	-
Gain on redemption of Redeemable Cumulative Preference Share ("RCPS") of an associate	(2,700)	-	-	-
Financial assets at fair value through profit or loss written off	-	6,433	-	-
Impairment of receivables (net)	89,444	37,040	-	-
Write down of inventory to net realisable value	5,979	411	-	-
Share of results from associates	(21,336)	(29,767)	-	-
Share of results from joint ventures	(6,188)	19,478	-	-
Net unrealised foreign exchange (gain)/loss	(4,626)	993	(757)	(2,393)
Dividends from subsidiaries	-	-	(353,083)	(254,002)
Dividends from available-for-sale financial assets	(2,582)	(2,873)	-	-
Finance expense	183,421	184,007	98,674	107,547
Finance income	(73,060)	(56,796)	(806)	(2,540)
Other losses, net	259,522	70,448	-	-
Provision for defined benefit plan	11,523	18,115	287	648
Reversal of provision for asset retirement	-	(1,000)	-	-
Unwinding of discount for provision for asset retirement	1,385	623	-	-
Tax penalty	2,293	-	2,196	-
(Reversal of)/provision for onerous contract	(16,637)	19,367	-	-
Provision for litigation loss	32,841	-	-	-
Provision for LTIP	8,579	429	2,425	215
Operating profit/(loss) before working capital changes	1,476,025	1,361,752	(112,229)	(103,816)

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		58,846	(128,673)	-	-
Receivables		324,225	103,635	2,693	(11,018)
Intercompany		112,750	(284,956)	25,142	158,937
Payables		(220,582)	126,561	(942)	(44,798)
Cash generated from/(used in) operation		1,751,264	1,178,319	(85,336)	(695)
Finance income		73,060	56,796	799	2,533
Taxation paid		(198,142)	(95,302)	(129)	78
Zakat paid		(5,056)	(17,765)	-	-
Retirement benefit paid		(3,500)	(2,002)	(20)	(30)
Net cash generated from/(used in) operating activities		1,617,626	1,120,046	(84,686)	1,886
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,005,394)	(932,271)	(209)	(1,814)
Purchase of investment properties		(3,182)	(1,595)	(7,609)	-
Purchase of prepaid lease payments		-	(5,850)	-	-
Additions of biological assets		(832)	(128)	-	-
Purchase of intangible assets		(16,354)	(16,860)	(9,239)	(11,476)
Additions of financial assets at fair value through profit or loss (net)		-	(601)	-	-
Net cash outflow from acquisition of subsidiaries	21	-	(278,618)	-	-
Net cash outflow from liquidation of subsidiaries		-	(916)	-	-
Balance carried forward		(1,025,762)	(1,236,839)	(17,057)	(13,290)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED)				
Balance brought forward	(1,025,762)	(1,236,839)	(17,057)	(13,290)
Additional investment in subsidiaries	-	-	(11,679)	(26,452)
Additions of available-for-sale financial assets	(72,263)	(5,611)	-	-
Repayment of loan/(loan) to a subsidiary	-	-	202,349	(204,951)
Loans to joint ventures	(22,510)	(54,222)	-	-
Payment for asset retirement obligations	(29)	(62)	-	-
Proceeds from disposal of property, plant and equipment	4,871	748	-	-
Proceeds from disposal of assets held for sale	-	5,535	-	-
Proceeds from sales of available-for-sale financial assets	254,307	-	-	-
Proceeds from sales of financial assets at fair value through profit or loss (net)	7,907	-	-	-
Proceeds from redemption of RCPS in an associate	5,400	-	-	-
Dividends received from subsidiaries	-	-	267,683	254,002
Dividends received from joint ventures	28,500	11,558	-	-
Dividends received from associates	806	6,360	-	-
Dividends received from available-for-sale financial assets	2,582	2,873	-	-
Advances to subsidiary	-	-	(21,353)	(554,502)
Decrease in restricted cash	-	494,496	-	494,496
Net cash (used in)/generated from investing activities	(816,191)	(775,164)	419,943	(50,697)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loans due to a significant shareholder		(300,286)	(204,286)	(300,286)	(204,286)
Repayment of loans due to subsidiaries		-	-	(866,871)	(44,643)
Drawdown of loans from subsidiaries		-	-	1,667,600	-
Drawdown of borrowings		7,147,353	7,773,855	-	540,900
Repayment of borrowings		(6,947,358)	(7,432,387)	(540,900)	-
Repayment of LLA liability		(307,129)	(287,906)	-	-
Dividends paid to shareholders		(218,890)	(72,963)	(218,890)	(72,963)
Dividends paid to non-controlling interests		(61,734)	(115,187)	-	-
Finance expense paid		(213,190)	(176,660)	(98,211)	(105,081)
Purchase of treasury shares		(8,588)	(1,488)	(8,588)	(1,488)
Increase in restricted cash		(47,340)	-	-	-
Net cash (used in)/generated from financing activities		(957,162)	(517,022)	(366,146)	112,439
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(155,727)	(172,140)	(30,889)	63,628
Effect of foreign exchange rate changes		(5,586)	19,686	(436)	2,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,854,054	2,008,539	79,197	13,176
Less: Reclassified to assets held for sale	35	577	(2,031)	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	34	1,693,318	1,854,054	47,872	79,197

Cash flows and non-cash changes arising from financing activities are as follows:

Group				Non-cash changes				
2017	At 1 January 2017 RM'000	Drawdown RM'000	Repayment# RM'000	Interest accretion RM'000	Interest capitalisation RM'000	Foreign exchange movement RM'000	Fair value movement RM'000	At 31 December 2017 RM'000
Liabilities								
Islamic short term trade financing	3,290,323	3,647,260	(4,423,613)	38,856	810	19,029	-	2,572,665
Short term trade financing	397,994	2,617,494	(2,342,307)	21,322	27,556	-	-	722,059
Islamic term loans	199,366	878,450	(294,725)	31,313	-	-	-	814,404
Term loans	1,026	4,149	(18,057)	13,910	-	-	-	1,028
Finance lease liabilities	2,423	-	(2,697)	274	-	-	-	-
	3,891,132	7,147,353	(7,081,399)	105,675	28,366	19,029	-	4,110,156
LLA liability	4,407,564	-	(307,129)	-	-	-	292,845	4,393,280
Loans due to a significant shareholder	1,689,005	-	(379,435)	77,746	-	-	-	1,387,316
	9,987,701	7,147,353	(7,767,963)	183,421	28,366	19,029	292,845	9,890,752
Asset								
Restricted cash	-	(47,340)	-	-	-	-	-	(47,340)

Included in the repayment are finance expense paid amounted to RM213,190,000.

The cash flows and non-cash changes arising from LLA liability is disclosed in Note 45 to the financial statements.

Company				Non-cash changes		
2017	At 1 January 2017 RM'000	Drawdown RM'000	Repayment# RM'000	Interest accretion RM'000	Foreign exchange movement RM'000	At 31 December 2017 RM'000
Islamic short term trade financing	540,900	-	(540,969)	69	-	-
Interest payable	-	-	(274)	274	-	-
Loans due to subsidiaries	301,005	1,667,600	(885,590)	20,585	(841)	1,102,759
Loans due to a significant shareholder	1,689,005	-	(379,435)	77,746	-	1,387,316
	2,530,910	1,667,600	(1,806,268)	98,674	(841)	2,490,075

Included in the repayment are finance expense paid amounted to RM98,211,000.

1 GENERAL INFORMATION

The Company is incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 45, Menara Felda, Platinum Park, No.11 Persiaran KLCC, 50088 Kuala Lumpur.

The Company is principally an investment holding company with investments primarily in oil palm plantation and its related downstream activities, sugar refining, trading, logistics, marketing, rubber processing, research and development activities and related agribusiness activities. The principal activities of the subsidiaries are stated in Note 21 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia.

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 annual period beginning on 1 January 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period.

It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(i) Accounting pronouncements that are effective and have been adopted by the Group and Company 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 Amendments to FRS 107 has resulted in additional disclosure on changes in liabilities arising from financing activities. Other than such disclosure, the above amendments to existing standards did not have any significant impact on the financial statements of the Group and Company.

2 BASIS OF PREPARATION (CONTINUED)

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

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted

- MFRS 9 "Financial Instruments" will replace 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). 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.

  Based on the assessments taken to date, the expected impact of adoption of the new standard on 1 January 2018 to the Group and Company is as follows:

  - 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. As of the date of this report, the Group and Company is still in the midst of assessing the impact of the loss allowance for receivables.

2 BASIS OF PREPARATION (CONTINUED)

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

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted (continued)

- MFRS 9 "Financial Instruments" will replace MFRS 139 "Financial Instruments: Recognition and Measurement". (continued)

  Based on the assessments taken to date, the expected impact of adoption of the new standard on 1 January 2018 to the Group and Company is as follows: (continued)

  - 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. The Group and Company does not expect any significant impact in respect of this change to its opening retained earnings as at 1 January 2018.

  - 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. Based on the assessments taken to date, the Group and Company does not expect any impact on its financial liabilities measured on 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 and Company'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.

- 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.

2 BASIS OF PREPARATION (CONTINUED)

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

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted (continued)

- 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 and Company has assessed the effects of applying the new standard on the Group and Company's financial statements 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. Judgment 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 and Company 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 changes arising from the classification of rebates and transportation costs in respect of transportation services provided to customers.

  - The Group intends to adopt the standard using full retrospective approach (with optional practical expedients) which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2017 and that comparatives will be restated.

2 BASIS OF PREPARATION (CONTINUED)

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

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted (continued)

- 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 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. As such, the Group does not expect any material impact when the amendments are effective for the Group on 1 January 2018.

  In respect of its agricultural produce, the Group expects its opening retained earnings as at 1 January 2017 to increase by approximately RM52 million to account for the recognition of its agriculture produce measured at fair value less cost to sell (including deferred tax) upon adoption of the standard.

2 BASIS OF PREPARATION (CONTINUED)

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

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted (continued)

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

- 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"

Effective for annual periods beginning on or after 1 January 2019 with earlier application permitted

New accounting standard, amendments to existing standards and accounting pronouncements that are currently being assessed by the Directors:

- MFRS 16 "Leases"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"
- Amendments to MFRS 128 "Investments in Associates and Joint Ventures " - Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation
- Annual Improvements to MFRS 3 "Business Combinations"
- Annual Improvements to MFRS 11 "Joint Arrangements"
- Annual Improvements to MFRS 112 "Income Taxes"
- Annual Improvements to MFRS 123 "Borrowing Costs"

Effective date yet to be determined by Malaysian Accounting Standards Board

Amendments to existing standards that are currently being assessed by the Directors:

- Amendments to MFRS 10 and MFRS 128 on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of consolidation and investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of financial year. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interests. The Group recognises any non-current controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 3(d)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(a) Basis of consolidation and investment in subsidiaries (continued)

Predecessor accounting

Acquisitions of subsidiaries and businesses under common control that meet the conditions of a merger are accounted for using the predecessor basis of accounting. The acquisitions of Felda Global Ventures Indonesia Sdn. Bhd. ("FGVI"), Felda Global Ventures North America Sdn. Bhd. ("FGVNA") and plantation estates owned by Federal Land Development Authority ("FELDA") in prior financial years, which met the conditions of a merger have been accounted for using that basis.

Under the predecessor basis of accounting, the results of subsidiaries and businesses under common control are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit or debit difference is classified as reorganisation reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences or other reserves that relate to the subsidiary and is recognised in profit or loss.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the non-controlling interests.

In the Company's financial statements, investments in subsidiaries are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(h)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, associates and joint ventures over the Group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated statement of financial position as intangible assets, or if arising in respect of an associate or joint ventures, is included in investments in associates or joint ventures. Negative goodwill represents the total of consideration transferred, non-controlling interest recognised and previously held interest measured being less than where the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. See significant accounting policies Note 3(o) on impairment of non-financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(e) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investments in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

In the Company's financial statements, investments in associates are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investments in associates is assessed and written down immediately to its recoverable amount (Note 3(h)).

On disposal of the associates, the difference between net disposal proceeds and its carrying amount is charged/ credited to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated (continued)

(f) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Joint ventures

The Group’s interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint operations

In relation to the Group’s interest in joint operations, the Group recognises its assets (including its share of any assets held jointly), liabilities (including its share of any liabilities incurred jointly), revenue from the sale of its share of the output arising from the joint operation (including share of the revenue from the sale of the output by the joint operation) and expenses (including its share of any expenses incurred jointly).

Where necessary, appropriate adjustments are made to the joint arrangements’ financial statements to ensure consistency with the Group’s accounting policies.

In the Company’s financial statements, investments in joint arrangements are shown at cost.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(h)).

On disposal of a joint arrangement, the difference between net disposal proceeds and its carrying amount is charged/credited to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated (continued)

(g) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group did not apply hedge accounting during the financial year.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are as disclosed in Note 53.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Directors intends to dispose of it within 12 months of the end of the reporting period.

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated (continued)

(g) Financial assets (continued)

Subsequent measurement - gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, finance and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 3(h)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value changes.

Finance and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Dividend income on available-for-sale financial assets are recognised in profit or loss when the Group's right to receive payment is established.

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(h) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective finance rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable finance rate, the discount rate for measuring any impairment loss is the current effective finance rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(h) Impairment of financial assets (continued)

Assets classified as available-for-sale financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. In addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in the available-for-sale reserve is removed and recognised in profit or loss.

The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.

(i) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method except for the LLA liability and derivatives in a loss position which are measured at fair value through profit or loss.

For financial liabilities other than the LLA liability and derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Gains or losses arising from changes in fair value of the LLA liability and derivatives are recognised in profit or loss within other gains/losses, net. Net gains or losses on derivatives include exchange differences.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(i) Financial liabilities (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. See significant accounting policies Note 3(i) on borrowing costs. To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated cost of dismantling and removing the assets and restoring the site.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. The carrying amount of replaced parts are derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(j) Property, plant and equipment (continued)

Major spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they are expected to be used during more than one period.

A bearer plant is a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The bearer plants of the Group are oil palm trees, rubber trees and mango trees. Immature bearer plants are measured at accumulated costs of planting of bearer plants, similar to accounting for a self-constructed item of property, plant and equipment. Bearer plants are classified as immature until the trees are available for harvest. At that point, bearer plants are measured at amortised cost and depreciated over their useful life which is estimated to be 20 to 25 years.

Freehold land is not depreciated as it has an infinite life. Spare parts or servicing equipment recognised as property, plant and equipment would be depreciated over a period that does not exceed the useful life of the assets to which they relate. All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Property, plant and equipment	Estimated useful lives (years)
Leasehold land	50 to 933
Buildings, structures and renovations	3 to 60
Plant and machinery	3 to 30
Motor vehicles	3 to 30
Office equipment, tools and other equipment	2 to 33
Bearer plants	
- Oil palm	22, or the lease term if shorter
- Rubber	20, or the lease term if shorter
- Mango	25, or the lease term if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(j) Property, plant and equipment (continued)

Depreciation on property, plant and equipment ceases at the earlier of derecognition and classification as held for sale. Depreciation on assets under construction commences when the assets are ready for their intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in "other operating income" in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

(k) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Freehold land is not depreciated as it has an infinite life. All investment properties are depreciated on a straight line basis to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

Investment properties	Estimated useful lives (years)
Leasehold land	50 to 99
Buildings	20 to 50

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in "other operating income" in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives and intangible assets under development are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised using the straight line basis over their estimated useful lives as follows:

Brand	20-26 years
Licenses	9-18 years
Lease agreement	18 years
Customer relationships	9 years
Software	3 - 5 years
Intellectual property rights	10 years
Land use rights	35 years

Amortisation on intangible assets under development commences when the assets are ready for their intended use.

The nature of the intangible assets are as follows:

(i) Brand relates to sugar brand 'Prai' and consumer brands 'Saji', 'Seri Pelangi', 'SunFlower', 'SunBear', and 'Yangambi' acquired as part of the acquisition of the related business.
(ii) Licenses is related to a license for subsidiaries to use certain technologies.
(iii) Lease agreement is related to a lease agreement for a subsidiary to lease several assets to a customer, acquired as part of a business combination. Twin Rivers Technologies Holdings, Inc. ("TRTH"), is the lessor of a portion of its facility to a tenant under a non-cancellable operating lease. This property includes natural oil tanks and an oil pipeline system.
(iv) Customer relationships are related to contracts for a subsidiary to sell its product to several customers.
(v) Software relates to information technology ("IT") used within the Group.
(vi) Intellectual property rights relates to patents for the commercialisation of high quality graphene.
(vii) Land use rights relates to oil palm plantations in Indonesia.
(viii) Intangible assets under development relates to IT system under development.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(m) Biological assets

Forest

Standing timber on privately held forest land is characterised as biological asset. The Group recognised forest as biological asset subsequent to the acquisition of plantation estates owned by FELDA pursuant to the Land Lease Agreement (Note 45), where the plantation estates acquired included timber which already existed on these estates. Under the capital maintenance method, forest is capitalised and not amortised, and are shown as a non-current asset net of accumulated impairment losses.

Biological assets will be subject to accelerated depreciation if the forest area has been earmarked by the Directors for replanting with a different crop, after writing down the carrying amount to its recoverable amount.

When the forest area is replanted with a different crop, the carrying value of the existing biological assets is expensed off in profit or loss and the planting development costs is recognised in accordance with FRS 116 "Property, Plant and Equipment" (Note 3(j)).

Livestock

(i) Cattle

Cattle are raised for grazing purposes, of which there is no management over the transformation of the biological assets. Purchased cattle are initially stated at cost. Cattle are stated at cost less accumulated depreciation and impairment losses. The cost of a cattle initially recognised includes its purchase price and any cost that is directly attributable to bringing the cattle to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition or production of a qualifying asset.

New-born cattle are stated at standard cost based on market value of cattle ageing below 3 months as at valuation date. Cattle are depreciated on a straight line basis to write off the cost over their estimated useful lives of 5 years.

(ii) Canine

Canine are bred and trained for security purposes. All direct costs for canine are accumulated until it matures. Subsequent to that, the costs that have been capitalised are amortised based on a straight line method over its expected useful productive life. The estimate maturity period for canine are 2 years old, having completed all required training and applying 8 years as the period of amortisation.

Where an indication of impairment exists, the carrying amount of the biological asset is assessed and written down immediately to its recoverable amount. See significant accounting policies Note 3(o) on impairment of non-financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(n) Inventories

Inventories which consist of commodities based products and their related derivatives are stated at the lower of cost and net realisable value. Cost is determined using the weighted average and first-in first-out basis.

The cost of raw materials comprises direct costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(o) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible asset not ready to use, are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impaired assets, except goodwill, are reviewed for possible reversal of impairment at each reporting date.

(p) Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as "haul (eligible period)".

Zakat expense is determined based on the Group's financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(q) Current and deferred income tax

Tax expenses for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax is measured using the tax rates that have been enacted or substantially enacted at the statement of financial position date in the countries where the Group's subsidiaries, joint ventures and associates operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax benefits arising from reinvestment allowance and investment tax allowance is recognised when the tax credit is utilised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(r) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional and presentation currency, and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses for each statement of comprehensive income are translated at average rate (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised in the foreign exchange reserve as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and long-term advances are taken to the foreign exchange reserve within equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(s) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in profit or loss over the life of the related property, plant and equipment as a reduced depreciation expense.

(t) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is presented net of goods and services tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Revenue from sales of goods.

Revenue is typically recognised upon the delivery of goods, when significant risks and rewards from ownership of the goods are transferred to the buyer.

Bill and hold sales are sales contract which, at customers' request, transfer legal title of inventories to customers before the inventories leave the warehouse. Bill and hold sales are recognised as revenue when legal title is transferred, on condition that it is probable that delivery will be made, the inventories are ready for delivery, are physically segregated from unsold inventories, the customer has specifically acknowledged deferred delivery instructions and usual payment terms apply.

(ii) Revenue from rendering of services

Revenue from rendering of services, including management fees, tolling arrangements and construction are recognised when the related services are performed, by reference to completion of the specific services.

(iii) Subsidy from Government

Subsidy received from the Government of Malaysia for certain products sold relates to the difference between estimated market price and the controlled price determined by the Government for sale of the product in the domestic market, limited to the amount agreed with the Government on an annual basis. This subsidy is credited to profit or loss and recognised as part of revenue in the accounting period in which the corresponding sales of goods are recognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(t) Revenue recognition (continued)

(iv) Dividend income

Dividend income is recognised when the right to receive is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(v) Finance income

Finance income is recognised using the effective finance method. When a loan or a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective finance rate of the instrument, and continues unwinding the discount as finance income. Finance income on impaired loan and receivables are recognised using the original effective finance rate.

(vi) Rental income

Rental income related to rental of properties and plants are recognised over the period of tenancy or usage, as appropriate.

(vii) Compensation receivable

Compensation receivable is estimated based on areas reclaimed by FELDA, recognised when vacant possession of the land is transferred.

(u) Dividend distribution

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the statement of financial position date.

(v) Deposits, cash and bank balances

Deposits, cash and bank balances includes cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(w) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating leases – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

Payment for rights to use land and buildings over a predetermined period is classified as prepaid lease payments and is stated at cost less accumulated amortisation and accumulated impairment losses. The prepaid lease payments are amortised on a straight-line basis over the lease period of up to 49 years.

(iii) Operating leases – the Group as lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 3(t)(vi)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(iv) Finance leases – the Group as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of finance on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The finance element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of finance on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(x) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Defined benefit plan

A defined benefit plan is a retirement plan that defines an amount of retirement benefits to be paid, usually as a function of one or more factors such as age, years of service or compensation.

Certain companies within the Group operate non-funded defined benefit retirement plans. Under the plan, retirement benefits are determinable by reference to employees' earnings, designation and years of service and payable upon attaining the normal retirement age.

The liabilities in respect of defined benefit plans are the present value of the defined benefit obligations at the statement of financial position date less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service costs. The Group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the statement of financial position date.

The defined benefit obligations, calculated using the projected unit credit method, are determined by independent actuaries, considering the estimated future cash outflows using market yields at statement of financial position date of government securities that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service costs, past service costs and finance costs are recognised in immediately in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(x) Employee benefits (continued)

(iv) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(v) Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the Group's employees. Employee services received in exchange for the grant of the Company's shares are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, the Group and the Company revise its estimates of the number of shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to equity.

The fair value of shares granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

(y) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(z) Equity instruments

Ordinary shares and special share are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transactions are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

When treasury shares are vested to employees or employees of subsidiaries as part of equity settled share based compensation plan, the derecognition of treasury shares is adjusted against the reserve in respect of the plan within equity.

(aa) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

(ab) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(ab) Derivative financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'finance income/(costs)' and 'foreign exchange losses'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within 'finance income/(costs)' and 'foreign exchange losses' (Note 10).

(ac) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

When it is probable that costs will exceed total contract revenue, a provision for onerous contract is recognised.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(ac) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ad) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups (a group of assets to be disposed of in a single transaction and liabilities directly associated with those assets) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in profit of loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on profit or loss. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (continued)

(ae) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue. Diluted EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue, assuming conversion of any outstanding RCPS and RCCPS into ordinary shares.

(af) Construction contracts

Contracts costs are recognised when incurred. When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable; contract costs are recognised when incurred.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under trade receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under payables.

(ag) Fair value measurement

Fair value measurement prescribes that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group is exposed to market risk (including foreign currency risk, equity price risk, commodity price risk and finance rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant derivative financial instruments to hedge the risk of such commercial exposure. Such derivative financial instruments are generally not held for trade or speculative purposes.

The Board of Directors has overall responsibility for the oversight of financial risk management which include risk identification, operational or strategic, and the subsequent action plans to manage these risks. Management is responsible for identifying, monitoring and managing the Group's risk exposures.

Market risk

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD") for the Group and Canadian Dollar ("CAD") for the Company. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities but excludes interest in foreign joint ventures and associates. The Group generally manages its currency exposure through foreign currency forward contracts.

Group

A 10% strengthening/weakening of the USD against the Malaysian Ringgit ("RM") at the date of statement of financial position would have a lower/higher impact to Group's profit after tax of approximately of RM53,656,000 (2016: RM66,410,000).

Company

A 10% strengthening/weakening of the CAD against the Malaysian Ringgit ("RM") at the date of statement of financial position would have a lower/higher impact to Company's profit after tax of approximately of RM1,190,000 (2016: higher/lower impact to Company's profit after tax of approximately of RM660,000).

The above exposure mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated deposits, cash and bank balances, trade receivables and payables and foreign exchange losses/gains on translation of foreign currency denominated borrowings. The analysis assumes that all other variables remain constant.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than finance or exchange rates).

Equity price risk

The Group is exposed to equity price risk arising from its investment in quoted and unquoted equity instruments. The quoted equity investments are listed on the Bursa Malaysia and foreign stock exchanges and classified as available-for-sale financial assets or financial asset at fair value through profit or loss based on the purpose for which the quoted equity investments were acquired. Unquoted investments are valued using the Price Earnings ("PE")/Price to Book ("PB") comparative method and classified as available-for-sale financial assets. The sensitivity analysis in relation to equity price risk is as follows:

Group

		2017		2016	
Financial Assets	Sensitivity Factor	Impact to profit after tax RM'000	Impact to equity RM'000	Impact to profit after tax RM'000	Impact to equity RM'000
Available-for-sale:					
- unquoted	Comparable PE multiple and PB multiple variance by 5%	-	4,344	-	12,377
- quoted	Share price variance by 5%	-	3,870	-	3,335
Fair value through profit or loss					
- quoted	Share price variance by 5%	1,874	-	2,216	-
Total impact		1,874	8,214	2,216	15,712

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(ii) Price risk (continued)

Commodity price risk

The Group is exposed to commodity price risk since the prices of crude palm oil ("CPO"), sugar and their derivatives are subject to fluctuations due to unpredictable factors such as weather, changes in global demand and production, crude oil prices and global production of similar and competing crops.

Revenue of the Group is therefore subject to price fluctuations in the commodity market. The Group uses derivative contracts to mitigate a portion of such risks.

As at 31 December 2017, sensitivity analysis had been performed based on the Group's exposure to commodity prices as at settlement date for the Group's LLA liability and commodity derivative portfolios. A 10% increase in certain commodity price indexes or a RM100 increase in CPO prices assumed in calculating the LLA liability, with all other variables being held constant, would increase or decrease the Group's profit after tax, by type of significant commodity and financial liability, by approximately:

	2017 RM'000	2016 RM'000
- Palm oil	4,669	28,813
- LLA liability	(115,444)	(113,511)
Net decrease	(110,775)	(84,698)

A 10% decrease in certain commodity price indexes or a RM100 decrease in CPO prices assumed in calculating the LLA liability, with all other variables being held constant, would increase or decrease the Group's profit after tax, by type of significant commodity and financial liability, by approximately:

	2017 RM'000	2016 RM'000
- Palm oil	(4,669)	(28,813)
- LLA liability	118,788	117,092
Net increase	114,119	88,279

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk

The Group's finance rate risk mainly arises from LLA liability and short term trade financing. LLA liability and short term trade financing issued at variable rates expose the Group to cash flow finance rate risk.

The finance rate profile of the Group's finance bearing financial assets, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial assets				
At fixed rate				
Fixed deposits	1,326,700	1,311,826	40,839	74,485

The finance rate profile of the Group's finance bearing financial liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial liabilities				
At fixed rate				
Loans due to a significant shareholder	1,387,316	1,689,005	1,387,316	1,689,005
Loans due to subsidiaries	-	-	721,019	28,895
Islamic short term trade financing	2,572,665	2,749,423	-	-
Short term trade financing	722,059	397,994	-	-
Finance lease liabilities	-	2,423	-	-
	4,682,040	4,838,845	2,108,335	1,717,900

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial liabilities (continued)				
At floating rate (exposed to cash flow finance rate risk)				
LLA liability	4,393,280	4,407,564	-	-
Loans due to subsidiaries	-	-	381,740	272,110
Islamic short term trade financing	-	540,900	-	540,900
Islamic term loans	814,404	199,366	-	-
Term loans	1,028	1,026	-	-
	5,208,712	5,148,856	381,740	813,010
	9,890,752	9,987,701	2,490,075	2,530,910

If discount rate on LLA liability increased/decreased by 50 basis points and finance rate on borrowings increased/decreased by 10 basis points with all other variables held constant, the profit after tax of the Group will increase by RM182,530,000 (2016: RM181,567,000) and decrease by RM113,850,000 (2016: RM113,186,000) respectively.

Other financial assets and financial liabilities are non-finance bearing, and therefore are not affected by changes in finance rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, to mitigate credit risk. The financial assets exposure can be illustrated as follows:

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

	Financial assets RM'000	Collateral held as security RM'000	Net exposure RM'000
2017			
Group			
Trade receivables	1,006,089	189,592	816,497
Other receivables and deposits	294,834	-	294,834
Amount due from a significant shareholder	215,389	-	215,389
Amounts due from joint ventures	499,879	-	499,879
Loan due from joint ventures	71,431	-	71,431
Amounts due from other related companies	146,789	-	146,789
Derivative financial assets	7,592	-	7,592
Available-for-sale financial assets	164,286	-	164,286
Financial assets at fair value through profit or loss	49,321	-	49,321
Company			
Other receivables and deposits	19,145	-	19,145
Amount due from a significant shareholder	20	-	20
Amounts due from subsidiaries	774,524	-	774,524
Amounts due from other related companies	230	-	230
Loans due from subsidiaries	3,664	-	3,664
2016			
Group			
Trade receivables	1,309,955	437,983	871,972
Other receivables and deposits	339,742	-	339,742
Amount due from a significant shareholder	182,531	-	182,531
Amounts due from joint ventures	545,343	-	545,343
Loan due from a joint venture	54,222	-	54,222
Amount due from an associate	214	-	214
Amounts due from other related companies	172,625	-	172,625
Derivative financial assets	5,489	-	5,489
Available-for-sale financial assets	314,241	-	314,241
Financial assets at fair value through profit or loss	58,322	-	58,322

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

	Financial assets RM'000	Collateral held as security RM'000	Net exposure RM'000
2016			
Company			
Other receivables and deposits	21,936	-	21,936
Amount due from a significant shareholder	20	-	20
Amounts due from subsidiaries	609,851	-	609,851
Amounts due from other related companies	216	-	216
Loan due from a subsidiary	206,013	-	206,013

Receivables, amounts due from a significant shareholder, an associate, joint ventures and other related companies exposure are closely monitored and continuously followed up. The Group generally has no significant concentration of credit risk due to the Group's large number of customers other than sales transactions made to certain related parties as disclosed in Note 26 and Note 54.

The Group's deposits, cash and bank balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements by closely monitoring its cash flows. Due to the nature of its business, the Group has adopted prudent liquidity risk management in maintaining and obtaining sufficient credit facilities from financial institutions.

Cash flow forecasting is performed in the operating entities of the Group and then aggregated by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statements of financial position ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions. As at 31 December 2017, the Group has undrawn committed borrowing facilities amounting to RM617 million (2016: RM785 million).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Surplus cash is invested in profit bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining maturity periods at the reporting date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table below summaries the maturity profile of the Group's and Company's financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table below are based on contractual undiscounted cash flows:

Group

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2017					
Loans due to a significant shareholder	221,547	213,758	154,890	1,119,030	1,709,225
LLA liability	332,157	326,678	987,808	47,794,226	49,440,869
Amount due to a significant shareholder	483,166	-	-	-	483,166
Amounts due to other related companies	128,641	-	-	-	128,641
Amount due to an associate	37	-	-	-	37
Derivative financial liabilities	1,039	-	-	-	1,039
Borrowings	3,515,120	137,653	393,250	226,791	4,272,814
Payables	1,217,064	-	-	-	1,217,064
Total undiscounted financial liabilities	5,898,771	678,089	1,535,948	49,140,047	57,252,855

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Group

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2016					
Loans due to a significant shareholder	283,915	273,734	366,812	1,170,660	2,095,121
LLA liability	375,302	325,266	1,023,023	48,470,714	50,194,305
Amount due to a significant shareholder	399,190	-	-	-	399,190
Amounts due to other related companies	11,433	-	-	-	11,433
Amount due to an associate	167	-	-	-	167
Amounts due to joint ventures	6	-	-	-	6
Derivative financial liabilities	19,434	-	-	-	19,434
Borrowings	3,733,785	10,573	188,518	3,331	3,936,207
Payables	1,460,240	-	-	-	1,460,240
Total undiscounted financial liabilities	6,283,472	609,573	1,578,353	49,644,705	58,116,103

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Company

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2017					
Loans due to a significant shareholder	221,547	213,758	154,890	1,119,030	1,709,225
Loans due to subsidiaries	468,341	88,331	502,360	146,345	1,205,377
Amounts due to subsidiaries	84,346	-	-	-	84,346
Amount due to a significant shareholder	16,985	-	-	-	16,985
Amounts due to other related companies	124	-	-	-	124
Payables	39,963	-	-	-	39,963
Total undiscounted financial liabilities	831,306	302,089	657,250	1,265,375	3,056,020
At 31 December 2016					
Loans due to a significant shareholder	283,915	273,734	366,812	1,170,660	2,095,121
Loans due to subsidiaries	59,107	56,696	155,645	47,054	318,502
Amounts due to subsidiaries	18,302	-	-	-	18,302
Amount due to a significant shareholder	6,568	-	-	-	6,568
Amounts due to other related companies	65	-	-	-	65
Borrowings	554,596	-	-	-	554,596
Payables	40,907	-	-	-	40,907
Total undiscounted financial liabilities	963,460	330,430	522,457	1,217,714	3,034,061

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies

The Group's primary objectives on capital management policies are to safeguard the Group's ability to maintain healthy capital ratios to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2017 and 31 December 2016.

The Group considers its debts and total equity as capital and monitors capital using a gearing ratio, which is total debt divided by total equity. The Group includes borrowings, loans due to a significant shareholder and LLA liability within its total debt while loans due to subsidiaries are additionally included for the Company's total debt. Total equity includes share capital, share premium, treasury shares, reserves, retained earnings and non-controlling interests.

The gearing ratio analysis for the Group and the Company are as disclosed below:

Group

With LLA liability

	2017 RM'000	2016 RM'000
Borrowings	4,110,156	3,891,132
Loans due to a significant shareholder	1,387,316	1,689,005
LLA liability	4,393,280	4,407,564
Total debt	9,890,752	9,987,701
Total equity	7,860,035	8,197,541
Total capital with LLA liability	17,750,787	18,185,242
Gearing ratio	126%	122%

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies (continued)

Group (continued)

Without LLA liability

	2017 RM'000	2016 RM'000
Borrowings	4,110,156	3,891,132
Loans due to a significant shareholder	1,387,316	1,689,005
Total debt	5,497,472	5,580,137
Total equity	7,860,035	8,197,541
Total capital without LLA liability	13,357,507	13,777,678
Gearing ratio	70%	68%

The Group is required to comply with certain financial covenants for its major debts facilities, including:

(i) consolidated net tangible position;
(ii) consolidated net debt and financing to equity ratio;
(iii) consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio; and
(iv) consolidated finance payment cover ratio.

As at 31 December 2017, the Group had complied with all external financial covenants other than as disclosed in Note 42. The Group will continue to monitor and assess the compliance with the financial covenants for all borrowings on a regular basis.

Company

	2017 RM'000	2016 RM'000
Loans due to a significant shareholder	1,387,316	1,689,005
Loans due to subsidiaries	1,102,759	301,005
Borrowings	-	540,900
Total debt	2,490,075	2,530,910
Total equity	7,065,799	7,164,097
Total capital	9,555,874	9,695,007
Gearing ratio	35%	35%

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation

Amounts that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017 and 31 December 2016:

Group

2017

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at fair value through profit or loss:				
(i) Derivatives				
- Foreign currency forward contracts	-	6,875	-	6,875
- Islamic profit rate swap	-	717	-	717
(ii) Trading securities	49,321	-	-	49,321
Available-for-sale financial assets	77,413	-	86,873	164,286
Total assets	126,734	7,592	86,873	221,199

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017 and 31 December 2016: (continued)

2017

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Liabilities				
Financial liabilities at fair value through profit or loss:				
(i) LLA liability	-	-	4,393,280	4,393,280
(ii) Derivatives				
- Foreign currency forward contracts	-	497	-	497
- Commodities futures contracts	542	-	-	542
Total liabilities	542	497	4,393,280	4,394,319

Group

2016

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at fair value through profit or loss:				
(i) Derivatives				
- Foreign currency forward contracts	-	80	-	80
- Commodities futures contracts	5,409	-	-	5,409
(ii) Trading securities	58,322	-	-	58,322
Available-for-sale financial assets	66,699	-	247,542	314,241
Total assets	130,430	80	247,542	378,052

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Group

2016

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Liabilities				
Financial liabilities at fair value through profit or loss:				
(i) LLA liability	-	-	4,407,564	4,407,564
(ii) Derivatives				
- Foreign currency forward contracts	-	19,237	-	19,237
- Commodities futures contracts	197	-	-	197
Total liabilities	197	19,237	4,407,564	4,426,998

Disclosures for property, plant and equipment and investment properties measured at fair value are disclosed at Note 18 and Note 19 respectively.

The Company has no financial assets and liabilities that are measured at fair value at 31 December 2017 and 31 December 2016.

There were no transfers between Levels 1 and 2 during the financial year.

(i) Financial instruments in Level 1

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 Malaysia Derivatives Exchange ("MDEX") for palm oil and other foreign commodity exchanges.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market 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 and Islamic profit rate swap.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(iii) Financial instruments in Level 3

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

	Group	
	2017 RM'000	2016 RM'000
LLA liability		
At 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	(307,129)	(287,906)
At 31 December	4,393,280	4,407,564
Available for sale financial assets (investment in certain unit trusts)		
At 1 January	247,542	251,351
Additions	10,586	5,488
Disposal	(159,881)	-
Liquidation of a subsidiary	-	(1,613)
Fair value changes transferred to available-for-sale reserves	(11,374)	(7,684)
At 31 December	86,873	247,542

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Offsetting financial assets and financial liabilities

There are no offsetting of financial assets and financial liabilities during the financial year for the Group and Company.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) LLA liability

The fair value of the LLA liability is measured using a discounted cash flow calculation using cash flow projections based on financial budgets approved by the Directors covering a 94 year period. As a result of the fair value assessment, the Group has recognised a LLA liability of RM4,393,280,000 (2016: RM4,407,564,000). The key assumptions and the sensitivity analysis are as disclosed in Note 45 to the financial statements.

(ii) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of CGUs were determined based on the higher of fair value less cost to sell or value in use ("VIU") calculations. The fair value less cost to sell or VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected cash flows are estimates made based on historical and industry trends, general market and economic conditions and other available information.

As a result of these impairment assessments, the Group did not recognise any impairment loss (2016: Nil) during the financial year. The key assumptions and the sensitivity analysis are as disclosed in Note 20 to the financial statements.

(iii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. As at 31 December 2017, the Group has deferred tax assets of RM199,277,000 (2016: RM219,088,000) in respect of unused tax losses of certain loss making subsidiaries of the Group. The key assumptions for taxable profit projections for the loss making subsidiaries include CPO price of RM2,500/MT, FFB yield of up to 21.5MT/ha, and mature estate costs of between RM1,240/ha to RM1,290/ha for its plantation subsidiaries, and commission rate of 0.35% of palm product sales arranged and yearly sales quantity arranged of between 2.1 million MT to 2.5 million MT for its marketing subsidiary.

In evaluating whether it is probable that future taxable profits will be available in future periods, all available evidence was considered, including approved budgets, business plans and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes.

6 REVENUE

	2017 RM'000	2016 RM'000
Group		
Sales of crude palm oil ("CPO")	5,287,164	5,694,117
Sales of refined bleached deodorised ("RBD") products	4,412,615	5,030,380
Sales of refined sugar and molasses	2,666,065	2,657,481
Sales of fertiliser, packed products and others	1,182,745	1,054,618
Sales of fatty acids	1,117,044	866,521
Sales of rubber products	939,413	704,545
Sales of crude palm kernel oil ("CPKO")	393,046	368,129
Sales of biodiesel products	147,742	125,460
Sales of palm kernel ("PK")	335,946	277,889
Services rendered	433,915	428,333
Sales of fresh fruit bunches ("FFB")	12,287	20,081
Others	11,722	13,721
	16,939,704	17,241,275
Company		
Dividend from subsidiaries:		
- unquoted	349,997	235,486
- quoted	3,086	18,516
Management fees	59,843	97,010
Finance income from financial institutions	806	2,540
Others	5,345	1,406
	419,077	354,958

7 OTHER OPERATING INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income	8,845	5,497	-	-
Gain on disposal of available-for-sale financial assets (Note 28)	73,196	-	-	-
Gain on disposal of financial assets at fair value through profit or loss	3,492	-	-	-
Gain on disposal of property, plant and equipment	303	237	-	-
Gain on liquidation of subsidiaries (Note 21(c))	-	26,124	-	-
Gain on redemption of Redeemable Cumulative Preference Share ("RCPS") in an associate	2,700	-	-	-
Dividend income from available-for-sale financial assets	2,582	2,873	-	-
Income from sale of scrap	9,648	7,270	-	-
Income from sludge oil	3,639	2,698	-	-
Bad debt recovered	2,539	941	-	-
Income from penalty charges	3,566	9,755	-	-
Insurance reimbursement	9,977	-	-	-
Roundtable Sustainable Palm Oil ("RSPO") premium income	571	3,471	-	-
Foreign currency exchange gains	50,948	34,411	-	-
Other operating income	33,741	42,941	876	2,303
	205,747	136,218	876	2,303

8 OTHER OPERATING EXPENSES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Provision for litigation loss	32,841	-	-	-
Impairment loss on amount due from a joint venture	10,366	13,893	-	-
Impairment loss on investment in a joint venture	2,444	-	-	-
Impairment loss on investment in a subsidiary	-	-	-	80,152
Loss on liquidation of a subsidiary	68	-	68	-
Other operating expenses	6,106	1,959	1	4
	51,825	15,852	69	80,156

9 OTHER LOSSES, NET

	Group	
	2017 RM'000	2016 RM'000
Land Lease Agreement ("LLA"):	(292,845)	(68,275)
- Fair value losses (Note 45)		
Foreign currency forward contracts:		
- Fair value gains/(losses)	37,738	(7,027)
Financial assets at fair value through profit or loss		
- Fair value gains/(losses) (Note 32)	2,735	(1,106)
Sugar, oil palm and rubber futures contracts:		
- Fair value (losses)/gains	(7,150)	5,960
	(259,522)	(70,448)

10 FINANCE INCOME AND COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Finance income:				
- finance income from financial institutions	73,060	56,796	-	-
Total finance income	73,060	56,796	-	-
Finance costs:				
- loans from a significant shareholder	(77,746)	(89,812)	(77,746)	(89,812)
- loans from subsidiaries	-	-	(20,585)	(16,921)
- Islamic short term trade financing	(38,856)	(33,596)	(69)	(80)
- short term trade financing	(21,322)	(14,076)	-	-
- Islamic term loans	(31,313)	(10,043)	-	-
- term loans	(13,910)	(35,265)	-	-
- amount due to a subsidiary	-	-	-	(429)
- finance lease	(274)	(1,215)	(274)	(305)
Total finance costs	(183,421)	(184,007)	(98,674)	(107,547)
Net finance costs	(110,361)	(127,211)	(98,674)	(107,547)

11 PROFIT/(LOSS) FOR THE FINANCIAL YEAR

Profit/(loss) for the financial year is stated after charging/(crediting):

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Matured estates operating expenses (collection, upkeep,cultivation and general charges)	440,125	318,684	-	-
Cost of raw materials and chemicals for production and manufacturing	11,645,393	10,170,446	-	-
Cost of purchasing CPO	389,655	2,823,308	-	-
Cost of petrol, diesel and natural gas	180,673	132,522	-	-
Service charge on CPO trading	5,092	10,161	-	-
Property, plant and equipment (Note 18):				
- Depreciation	572,818	677,792	5,294	5,954
- Impairment loss (net)	14,417	87,821	-	-
- Write offs	22,901	17,973	1	3
- Gain on disposal (net)	(303)	(237)	-	-
Investment properties (Note 19):				
- Depreciation	12,030	11,912	638	435
Intangible assets (Note 20):				
- Impairment loss	-	11,818	-	-
- Amortisation	22,725	33,275	7,383	6,227
Prepaid lease payments (Note 24)				
- Amortisation	2,964	5,122	-	-
- Impairment loss	-	2,515	-	-
Biological assets (Note 27):				
- Amortisation	93	128	-	-
- Write offs	5,852	68	-	-
Assets held for sale:				
- Write offs	111	-	-	-
- Gain on disposal	-	(1,414)	-	-
Financial assets at fair value through profit or loss				
- Write offs	-	6,433	-	-
Impairment of receivables (net)	89,444	37,040	-	-
Impairment loss on amounts due from a significant shareholder	1,779	-	-	-
Write down of inventory to net realisable value	5,979	411	-	-
Rental				
- land and buildings	52,718	57,306	9,304	13,208
- plant, machinery and storage tanks	20,649	20,464	-	-
- other equipment	26,071	32,171	3,465	7,373
Repairs and maintenance of refining plants and mills	117,271	99,853	-	-

11 PROFIT/(LOSS) FOR THE FINANCIAL YEAR (CONTINUED)

Profit/(loss) for the financial year is stated after charging/(crediting): (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Repairs and maintenance of motor vehicles	38,440	29,749	-	-
Principal auditors' remuneration:				
- Audit fee	4,327	3,924	589	836
- Other assurance services	1,454	1,441	1,125	1,168
- Non-audit fee				
- current year	231	201	172	195
- prior year	-	503	-	306
Member firms of principal auditors' remuneration:				
- Audit fee	1,704	1,627	-	-
Other firms of auditors' remuneration:				
- Audit fee	161	146	-	-
- Non-audit fee	431	2,554	420	2,126
Staff costs*	1,553,465	1,492,059	105,352	94,337
Professional and technical fees	6,450	10,276	5,503	10,212
Contribution to Yayasan Felda	2,044	4,934	-	4,487
Net realised foreign exchange (gain)/loss	(6,694)	42,277	(1,564)	6,531
Net unrealised foreign exchange (gain)/loss	(4,626)	993	757	(2,393)
Research and non-capitalised development costs	31,073	27,575	-	-
Construction cost recognised as an expense	13,037	9,350	-	-
(Reversal of)/provision for onerous contract (net)	(16,637)	19,367	-	-
Reversal of provision for asset retirement (net)	-	(1,000)	-	-
Unwinding of discount for provision for asset retirement	1,385	623	-	-
Transportation, loading and handling	213,541	226,224	-	-
Tax penalty	2,293	-	2,196	-

11 PROFIT FOR THE FINANCIAL YEAR (CONTINUED)

* Staff costs (excluding Directors' remuneration) are analysed as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages, salaries and bonuses	1,173,344	1,064,775	65,027	60,519
Defined contribution plan	127,955	118,893	14,238	12,174
Defined benefit plan	11,523	18,115	287	648
Employee share grant	8,579	429	2,425	215
Other employee benefits	232,064	289,847	23,375	20,781
	1,553,465	1,492,059	105,352	94,337

Staff cost included in costs of sales amounted to RM1,154,577,000 (2016: RM1,142,975,000) and RM43,090,000 (2016: RM36,262,000) for the Group and Company respectively.

12 DIRECTORS' REMUNERATION

2017	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
Fees:			
- Independent Non-Executive	900	98	998
- Non-Independent Non-Executive	874	591	1,465
	1,774	689	2,463
Salaries, bonuses and allowances:			
- Executive Director	1,153	-	1,153
Defined contribution plan:			
- Executive Director	185	-	185
Benefit in kind:			
- Independent Non-Executive	26	22	48
- Non-Independent Non-Executive	885	-	885
- Executive Director	297	-	297
	1,208	22	1,230
Other benefits:			
- Independent Non-Executive	434	22	456
- Non-Independent Non-Executive	231	17	248
- Executive Director	1	32	33
	666	71	737
	4,986	782	5,768

12 DIRECTORS' REMUNERATION (CONTINUED)

2016	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
Fees:			
- Independent Non-Executive	883	131	1,014
- Non-Independent Non-Executive	848	697	1,545
- Executive Director	-	378	378
	1,731	1,206	2,937
Salaries, bonuses and allowances:			
- Executive Director	1,218	-	1,218
Defined contribution plan:			
- Executive Director	249	-	249
Benefit in kind:			
- Independent Non-Executive	14	30	44
- Non-Independent Non-Executive	1,427	-	1,427
- Executive Director	652	-	652
	2,093	30	2,123
End of service gratuity			
- Executive Director	500	-	500
Other benefits:			
- Independent Non-Executive	315	20	335
- Non-Independent Non-Executive	133	44	177
- Executive Director	-	43	43
	448	107	555
	6,239	1,343	7,582

13 ZAKAT

	Group	
	2017 RM'000	2016 RM'000
Movement of zakat liability:		
At beginning of financial year	-	-
Current financial year's zakat expense	5,056	17,765
Zakat paid	(5,056)	(17,765)
At end of financial year	-	-

14 TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian income tax:				
- In respect of current financial year	178,687	117,293	129	-
- In respect of prior financial year	1,843	(25,240)	4,553	-
Foreign income tax:				
- In respect of current financial year	3,742	8,470	-	-
Deferred tax (Note 48)	19,216	75,555	-	24,873
Tax expense	203,488	176,078	4,682	24,873

14 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to profit before taxation after zakat at the Malaysian statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(loss) before taxation after zakat	411,534	242,537	125,451	(46,062)
Malaysian corporate tax rate of 24% (2016: 24%)	98,768	58,209	30,108	(11,055)
Tax effect of:				
- different tax rates in other countries	13,648	6,258	-	-
- expenses not deductible for tax purposes	90,376	94,177	35,379	58,349
- income not subject to tax	(38,755)	(52,602)	(86,023)	(59,766)
- under/(over) provision of income tax in prior financial year	1,843	(25,240)	4,553	-
- deferred tax assets not recognised	40,485	44,060	20,665	12,472
- tax incentive	(7,962)	(6,734)	-	-
- temporary differences previously not recognised as deferred tax	(3,160)	57,031	-	24,873
- impact of transfer pricing adjustments	10,826	-	-	-
- others	(2,581)	919	-	-
Tax expense	203,488	176,078	4,682	24,873

During the financial year, additional tax liabilities of RM10,826,000 and RM4,842,000 had been recognised by the Group, which arose from transfer pricing adjustments in respect of certain intercompany transactions in 2017 and 2016 respectively.

15 DIVIDEND PER SHARE

Dividends declared and paid are as follows:

	Group and Company			
	2017		2016	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Final single-tier dividend for the financial year ended 31 December 2016, paid on 15 June 2017 (2016: final single-tier dividend for the financial year ended 31 December 2015, paid on 30 June 2016)	1.0	36,484	2.0	72,963
Interim single-tier dividend for the financial year ended 31 December 2017, paid on 28 December 2017 (2016: Nil)	5.0	182,406	-	-
	6.0	218,890	2.0	72,963

The Board of Directors do not recommend payment of any final dividend in respect of the financial year ended 31 December 2017.

16 EARNINGS PER SHARE

	Group	
	2017	2016
Basic and diluted EPS (sen)	3.9	0.9

The basic earnings per share ("EPS") has been calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue during the financial year. There are no potential ordinary shares as at 31 December 2017 and 31 December 2016.

	Group	
	2017	2016
Profit for the financial year attributable to equity shareholders (RM'000)	143,727	31,466
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152

17 SEGMENT REPORTING

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 previous financial year due to the changes in the internal management reporting structure of 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 did not form part of the reportable segments.

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

17 SEGMENT REPORTING (CONTINUED)

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

2017	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Reconciliation RM'000	Total RM'000
Total segment revenue	21,728,650	4,381,357	1,878,822	(11,049,125)	16,939,704
Less: Inter-segment revenue	(8,858,954)	(1,710,796)	(479,375)	11,049,125	-
Revenue from external customers	12,869,696	2,670,561	1,399,447	-	16,939,704
Profit/(loss) before zakat and taxation for the financial year	554,182	1,890	45,179	(184,661)	416,590
Zakat					(5,056)
Taxation					(203,488)
Profit after taxation for the financial year					208,046
Other information:					
Finance income	38,238	27,335	9,841	(2,354)	73,060
Finance costs	(60,827)	(38,984)	(4,836)	(78,774)	(183,421)
Depreciation and amortisation	(451,359)	(51,143)	(92,335)	(15,793)	(610,630)
Write-offs/write-down	(31,151)	(2,357)	(1,229)	(106)	(34,843)
Impairment loss (net)					
- financial assets	(96,071)	-	(7,936)	(26)	(104,033)
- non-financial assets	(4,974)	-	(9,440)	(3)	(14,417)
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	21,336
Capital expenditure	427,554	563,208	53,899	6,285	1,050,946

17 SEGMENT REPORTING (CONTINUED)

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

2016	Plantation RM'000	Sugar RM'000	Logistics and Others RM'000	Reconciliation RM'000	Total RM'000
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	13,446,975	2,659,541	1,134,759	-	17,241,275
Profit/(loss) before zakat and taxation for the financial year	233,780	151,808	7,962	(133,248)	260,302
Zakat					(17,765)
Taxation					(176,078)
Profit after taxation for the financial year					66,459

Other information:					
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	(558,799)	(50,369)	(104,024)	(15,037)	(728,229)
Write-offs/write-down	(19,072)	(608)	(5,200)	(5)	(24,885)
(Impairment loss)/reversal of impairment					
- financial assets	(50,933)	-	-	-	(50,933)
- non-financial assets	(103,112)	-	958	-	(102,154)
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	29,767
Capital expenditure	860,354	91,047	4,863	12,182	968,446

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17 SEGMENT REPORTING (CONTINUED)

The revenue from external parties reported to the EXCO is measured in a manner consistent with that in the statement of comprehensive income.

Revenues from external customers are derived from sales of goods and provisions of services as disclosed in Note 6.

The analysis of external revenue by end customer geographical location is as follows:

	2017 RM'000	2016 RM'000
Malaysia	10,876,700	12,673,538
Overseas:		
- India	490,193	1,671,461
- China	1,534,788	525,689
- Pakistan	1,228,193	308,268
- Asia (excluding Malaysia, China, Pakistan, Indonesia and India)	1,006,052	755,314
- United States and Canada	967,431	726,590
- Europe	364,663	121,820
- Indonesia	125,640	51,198
- Others	346,044	407,397
	16,939,704	17,241,275

Segment assets and segment liabilities are not disclosed as it is not reported to the CODM.

The analysis of non-current assets (excluding financial assets and deferred tax assets) by geographical location is as follows:

	2017 RM'000	2016 RM'000
Malaysia	12,536,122	12,169,591
Overseas:		
- United States and Canada	262,997	307,770
- China	114,409	128,219
- Indonesia	83,385	83,389
- Pakistan	33,504	23,616
- Cambodia	18,511	18,402
- Others	8,572	10,009
	13,057,500	12,740,996

In the current financial year, two (2016: two) major customers in the Plantation Sector contributed to RM2,322,478,000 (14%) and RM1,403,546,000 (8%) respectively (2016: RM2,152,013,000 (12%) and RM1,259,856,000 (7%) respectively) of the Group's total revenues.

FINANCIAL STATEMENTS

18 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2017									
Cost									
At 1 January 2017	52,058	2,207,955	2,221,806	2,733,021	347,277	310,975	792,847	4,605,915	13,271,854
Additions	-	2,346	44,500	90,657	23,180	17,863	620,263	234,951	1,033,760
Disposals	-	-	-	(1,338)	(1,654)	(385)	(4,298)	-	(7,675)
Write offs	-	-	(12,654)	(57,350)	(13,310)	(7,612)	(878)	(132,333)	(224,137)
Reclassification	(746)	(3,774)	119,530	264,856	86	(27,192)	(352,760)	-	-
Transfer to assets held for sale	-	-	-	(168)	(274)	-	-	-	(442)
Exchange differences	(2,155)	(1,188)	(16,926)	(48,743)	(469)	(3,006)	(1,540)	(9,991)	(84,018)
Transfer from intangible asset (Note 20)	-	-	-	-	-	324	-	-	324
At 31 December 2017	49,157	2,205,339	2,356,256	2,980,935	354,836	290,967	1,053,634	4,698,542	13,989,666

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2017 (continued)									
Accumulated depreciation/ impairment									
At 1 January 2017	236	110,257	506,187	702,501	161,253	146,464	-	1,571,182	3,198,080
Charge for the financial year	-	40,487	118,636	219,502	40,609	33,294	-	120,290	572,818
(Reversal)/ impairment loss	(52)	125	(103)	9,902	-	(17)	-	4,562	14,417
Disposals	-	-	-	(1,236)	(1,570)	(301)	-	-	(3,107)
Write offs	-	-	(7,735)	(46,173)	(12,313)	(6,789)	-	(128,226)	(201,236)
Reclassification	-	-	(58,087)	72,447	-	(14,360)	-	-	-
Exchange differences	-	(26)	(7,036)	(26,843)	(264)	(2,605)	-	(30)	(36,804)
Transfer to assets held for sale	-	-	-	(168)	(249)	-	-	-	(417)
At 31 December 2017	184	150,843	551,862	929,932	187,466	155,686	-	1,567,778	3,543,751
Net book value at 31 December 2017	48,973	2,054,496	1,804,394	2,051,003	167,370	135,281	1,053,634	3,130,764	10,445,915

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2016									
Cost									
At 1 January 2016	49,361	1,819,955	2,107,538	2,508,110	348,077	239,523	631,752	4,120,702	11,825,018
Acquisition of a subsidiary (Note 21(c)(i))	-	369,268	21,813	24,243	455	41,665	1,199	201,010	659,653
Additions	1,777	18,112	56,657	80,237	9,535	28,650	387,942	368,548	951,458
Disposals	-	-	-	(596)	(1,748)	(273)	-	-	(2,617)
Write offs	-	-	(37,925)	(31,974)	(12,232)	(8,901)	(1,352)	(88,982)	(181,366)
Reclassification	-	-	75,624	144,325	2,987	4,556	(227,492)	-	-
Transfer to assets held for sale	-	-	(8,388)	(3,834)	-	(175)	(38)	-	(12,435)
Exchange differences	920	620	6,146	12,510	203	1,500	836	4,637	27,372
Transfer from intangible asset (Note 20)	-	-	341	-	-	4,430	-	-	4,771
At 31 December 2016	52,058	2,207,955	2,221,806	2,733,021	347,277	310,975	792,847	4,605,915	13,271,854

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings, structures and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, tools and other equipment RM'000	Assets under construction RM'000	Bearer plants RM'000	Total RM'000
2016 (continued)									
Accumulated depreciation/ impairment									
At 1 January 2016	236	78,167	369,289	483,317	127,897	111,878	783	1,415,281	2,586,848
Charge for the financial year	-	32,397	123,609	211,015	43,719	33,632	-	233,420	677,792
(Reversal)/ impairment loss	-	(319)	6,060	80,330	-	1,750	-	-	87,821
Disposals	-	-	-	(389)	(1,517)	(200)	-	-	(2,106)
Write offs	-	-	(36,765)	(31,587)	(11,144)	(6,378)	-	(77,519)	(163,393)
Reclassification	-	-	39,162	(45,008)	2,202	3,644	-	-	-
Exchange differences	-	12	5,480	6,289	96	2,227	(783)	-	13,321
Transfer to assets held for sale	-	-	(648)	(1,466)	-	(89)	-	-	(2,203)
At 31 December 2016	236	110,257	506,187	702,501	161,253	146,464	-	1,571,182	3,198,080
Net book value at 31 December 2016	51,822	2,097,698	1,715,619	2,030,520	186,024	164,511	792,847	3,034,733	10,073,774

Included in the additions of property, plant and equipment were RM Nil (2016: RM6,651,000) in relation to grant received from Government for plant and machinery, RM2,841,000 (2016: RM2,030,000) in relation to capitalised finance cost for bearer plants at average finance rate of 5.8% (2016: 5.8%) and RM25,525,000 (2016: RM10,506,000) in relation to capitalised borrowing costs for other qualifying assets at average finance rate of 4.78% (2016: 4.16%).

As at 31 December 2017, the carrying amount of property, plant and equipment under land arrangements with FELDA amounted to RM486,499,000 (2016: RM466,425,000). FELDA is in the midst of applying the land titles from respective state authorities.

Net book value of the property, plant and equipment pledged as security to borrowings amounted to RM292,838,000 (2016: RM96,709,000).

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants

Bearer plants comprise oil palm, rubber trees and mango trees. Immature bearer plants are capitalised as capital work in progress.

Group	Mature				Immature					
	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango trees RM'000	Total RM'000	Nursery RM'000	Total bearer plants RM'000
2017										
Cost										
At 1 January 2017	2,608,069	48,123	-	2,656,192	1,765,480	141,937	-	1,907,417	42,306	4,605,915
Additions	142,457	-	-	142,457	27,596	23,448	765	51,809	40,685	234,951
Write offs	(117,032)	(13,661)	-	(130,693)	-	-	-	-	(1,640)	(132,333)
Reclassification from:										
- immature	644,448	854	397	645,699	(644,448)	(854)	(397)	(645,699)	-	-
- planting	-	-	-	-	30,207	-	-	30,207	(30,207)	-
Exchange differences	(795)	-	-	(795)	(8,806)	-	-	(8,806)	(390)	(9,991)
At 31 December 2017	3,277,147	35,316	397	3,312,860	1,170,029	164,531	368	1,334,928	50,754	4,698,542
Accumulated depreciation										
At 1 January 2017	1,551,561	19,621	-	1,571,182	-	-	-	-	-	1,571,182
Charge for the financial year	118,210	2,064	16	120,290	-	-	-	-	-	120,290
Impairment loss	-	4,562	-	4,562	-	-	-	-	-	4,562
Write offs	(115,234)	(12,992)	-	(128,226)	-	-	-	-	-	(128,226)
Exchange differences	(30)	-	-	(30)	-	-	-	-	-	(30)
At 31 December 2017	1,554,507	13,255	16	1,567,778	-	-	-	-	-	1,567,778
Net book value at 31 December 2017	1,722,640	22,061	381	1,745,082	1,170,029	164,531	368	1,334,928	50,754	3,130,764

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

	Mature			Immature				
Group	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Total RM'000	Nursery RM'000	Total bearer plants RM'000
2016								
Cost								
At 1 January 2016	2,253,886	53,094	2,306,980	1,635,972	120,256	1,756,228	57,494	4,120,702
Acquisition of subsidiaries (Note 21(c)(i))	187,074	-	187,074	13,936	-	13,936	-	201,010
Additions	9,343	-	9,343	294,252	27,408	321,660	37,545	368,548
Write offs	(77,814)	(10,698)	(88,512)	(470)	-	(470)	-	(88,982)
Reclassification from:								
- immature	235,580	5,727	241,307	(235,580)	(5,727)	(241,307)	-	-
- planting	-	-	-	52,733	-	52,733	(52,733)	-
Exchange differences	-	-	-	4,637	-	4,637	-	4,637
At 31 December 2016	2,608,069	48,123	2,656,192	1,765,480	141,937	1,907,417	42,306	4,605,915
Accumulated depreciation								
At 1 January 2016	1,391,478	23,803	1,415,281	-	-	-	-	1,415,281
Charge for the financial year	231,147	2,273	233,420	-	-	-	-	233,420
Write offs	(71,064)	(6,455)	(77,519)	-	-	-	-	(77,519)
At 31 December 2016	1,551,561	19,621	1,571,182	-	-	-	-	1,571,182
Net book value at 31 December 2016	1,056,508	28,502	1,085,010	1,765,480	141,937	1,907,417	42,306	3,034,733

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM'000	Motor vehicle RM'000	Building, structure and renovation RM'000	Work in progress RM'000	Total RM'000
2017					
Cost					
At 1 January 2017	14,213	8,477	23,640	1,303	47,633
Additions	209	-	-	-	209
Write offs	(26)	-	-	-	(26)
Transfer to investment properties (Note 19)	-	-	-	(1,303)	(1,303)
At 31 December 2017	14,396	8,477	23,640	-	46,513
Accumulated depreciation					
At 1 January 2017	4,846	3,893	4,476	-	13,215
Charged for the financial year	2,086	1,149	2,059	-	5,294
Write offs	(25)	-	-	-	(25)
At 31 December 2017	6,907	5,042	6,535	-	18,484
Net book value at 31 December 2017	7,489	3,435	17,105	-	28,029
2016					
Cost					
At 1 January 2016	13,874	8,304	22,369	1,303	45,850
Additions	370	173	1,271	-	1,814
Write offs	(31)	-	-	-	(31)
At 31 December 2016	14,213	8,477	23,640	1,303	47,633
Accumulated depreciation					
At 1 January 2016	2,694	2,576	2,019	-	7,289
Charged for the financial year	2,180	1,317	2,457	-	5,954
Write offs	(28)	-	-	-	(28)
At 31 December 2016	4,846	3,893	4,476	-	13,215
Net book value at 31 December 2016	9,367	4,584	19,164	1,303	34,418

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of property, plant and equipment

Financial year ended 31 December 2017

Continuing losses in an indirect subsidiary, Felda Rubber Industries Sdn. Bhd., was identified as indicator for an impairment test to be performed for property, plant and equipment in relation to the CGU for rubber processing operation. The recoverable amount of the CGU is determined based on independent valuation carried out by registered professional valuer.

As a result of the impairment assessment, the recoverable amount of the CGU is RM23,900,000. Hence, an impairment of RM10,000,000 had been recognised in profit or loss of the Group during the financial year. The amount has been included as part of the impairment loss of Logistics and Others Sector in the Group's segment reporting (Note 17).

Financial year ended 31 December 2016

(a) Difficult operating conditions in the previous financial year and continuing losses in a subsidiary, FGV China Oils Ltd., were identified as indicators for an impairment test to be performed for the non-financial assets (including property, plant and equipment, intangible assets (other than goodwill) and prepaid lease payments) in relation to the CGU for palm oil refining operation in China. The recoverable amount of the CGU is determined based on fair value less cost to sell calculation (Level 3 fair value computation) using cash flow projections covering a five-year period and applying terminal value multiple using longer-term sustainable growth stated below:

The key assumptions used for the CGU's fair value less cost to sell calculation are as follows:

	2016
Revenue growth	6%
Gross margin	2%
Terminal value growth rate	3%
Discount rate	13%

As a result of the impairment assessment, the recoverable amount of the CGU is RM104,105,000 and a result, the Group has recognised a total impairment of RM55,615,000 which comprise RM42,037,000 for property, plant and equipment, RM11,818,000 for intangible assets (other than goodwill) (Note 20) and RM1,760,000 for prepaid lease payments (Note 24) which are recorded in cost of sales.

Based on the sensitivity analysis performed, a 1% increase in discount rate, with all other variables being held constant, would result in a further impairment loss of approximately RM10,360,000.

(b) In the previous financial year, Felda Palm Industries Sdn. Bhd., Felda Rubber Industries Sdn. Bhd., and Felda Vegetable Oil Products Sdn. Bhd., indirect subsidiaries of the Company, had closed down four mills, two factories and a refinery respectively as part of the Group's rationalisation plan. As a result, an impairment of RM38,892,000 had been recognised in cost of sales of the Group.

19 INVESTMENT PROPERTIES

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
2017				
Cost				
At 1 January 2017	32,006	7,080	124,856	163,942
Additions	-	-	3,182	3,182
At 31 December 2017	32,006	7,080	128,038	167,124
Accumulated depreciation/impairment				
At 1 January 2017	-	2,057	34,868	36,925
Charge for the financial year	-	19	12,011	12,030
At 31 December 2017	-	2,076	46,879	48,955
Net book value at 31 December 2017	32,006	5,004	81,159	118,169
2016				
Cost				
At 1 January 2016	32,006	7,080	123,261	162,347
Additions	-	-	1,595	1,595
At 31 December 2016	32,006	7,080	124,856	163,942
Accumulated depreciation/impairment				
At 1 January 2016	-	2,038	22,975	25,013
Charge for the financial year	-	19	11,893	11,912
At 31 December 2016	-	2,057	34,868	36,925
Net book value at 31 December 2016	32,006	5,023	89,988	127,017

19 INVESTMENT PROPERTIES (CONTINUED)

Company	Buildings 2017 RM'000	Buildings 2016 RM'000
Cost		
At 1 January	8,715	8,715
Addition	7,609	-
Transfer from property, plant and equipment (Note 18)	1,303	-
At 31 December	17,627	8,715
Accumulated depreciation		
At 1 January	943	508
Charge for the financial year	638	435
At 31 December	1,581	943
Net book value at 31 December	16,046	7,772

The following amounts have been recognised in profit or loss:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income from investment properties	4,008	4,043	-	-
Direct operating expenses arising from investment properties that generate rental income	(2,475)	(2,997)	-	-
Direct operating expenses arising from investment properties that did not generate rental income	-	-	(94)	(85)

The fair value of the investment properties above as at 31 December 2017 is estimated at RM214,014,000 (2016: RM209,707,000) for the Group and RM15,962,000 (2016: RM7,610,000) for the Company based on independent valuations carried out by registered professional valuers using the comparison method by reference to recent transactions involving other similar properties in the vicinity. The valuation is a Level 2 fair value estimation.

20 INTANGIBLE ASSETS

Group	Goodwill RM'000	Brand RM'000	Licenses RM'000	Lease agreement RM'000	Software RM'000	Intellectual property rights RM'000	Land use rights RM'000	Intangible assets under development RM'000	Total RM'000
Net book value									
2017									
At 1 January 2017	1,315,981	97,434	11,857	2,322	52,122	31,766	49,403	15,148	1,576,033
Additions	-	-	-	-	13,199	-	-	3,155	16,354
Reclassification	-	-	-	-	10,180	(2,298)	-	(7,882)	-
Amortisation charge	-	(3,226)	-	(199)	(18,559)	-	(741)	-	(22,725)
Transfer to property, plant and equipment (Note 18)	-	-	-	-	(324)	-	-	-	(324)
Transfer to asset held for sale	-	-	-	-	-	(28,471)	-	-	(28,471)
Exchange differences	-	-	-	(267)	-	(997)	(3,035)	-	(4,299)
At 31 December 2017	1,315,981	94,208	11,857	1,856	56,618	-	45,627	10,421	1,536,568
Expected remaining useful lives (years) - 31 December 2017		13 - 22	1 - 16	9	1 - 5	-	33		

20 INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill RM'000	Brand RM'000	Licenses RM'000	Lease agreement RM'000	Customer relation-ships RM'000	Software RM'000	Intellectual property rights RM'000	Land use rights RM'000	Intangible assets under development RM'000	Total RM'000
Net book value										
2016										
At 1 January 2016	1,216,424	101,081	25,125	2,475	5,622	62,370	79,976	47,091	3,858	1,544,022
Acquisition of subsidiaries (Note 21)	99,557	-	-	-	-	-	-	-	-	99,557
Additions	-	-	-	-	-	5,172	398	-	11,290	16,860
Amortisation charge	-	(3,226)	(1,433)	(244)	(5,359)	(10,650)	(11,622)	(741)	-	(33,275)
Impairment charge	-	-	(11,818)	-	-	-	-	-	-	(11,818)
Transfer to property, plant and equipment (Note 18)	-	-	-	-	-	(4,771)	-	-	-	(4,771)
Transfer to assets held for sale	-	(450)	-	-	-	-	(22,322)	-	-	(22,772)
Exchange differences	-	29	(17)	91	(263)	1	(14,664)	3,053	-	(11,770)
At 31 December 2016	1,315,981	97,434	11,857	2,322	-	52,122	31,766	49,403	15,148	1,576,033
Expected remaining useful lives (years) - 31 December 2016		14 - 23	1 - 17	10	-	1 - 5	7	34		

20 INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Intangible asset under development RM'000	Total RM'000
Net book value			
2017			
At 1 January 2017	17,895	15,148	33,043
Additions	10	9,229	9,239
Amortisation charge	(7,383)	-	(7,383)
Reclassification	10,180	(10,180)	-
At 31 December 2017	20,702	14,197	34,899
2016			
At 1 January 2016	23,936	3,858	27,794
Additions	186	11,290	11,476
Amortisation charge	(6,227)	-	(6,227)
At 31 December 2016	17,895	15,148	33,043

(a) Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) as follows:

	Group	
	2017 RM'000	2016 RM'000
Sugar business operations in Malaysia	576,240	576,240
Palm upstream operations in Malaysia	739,741	739,741
	1,315,981	1,315,981

(i) Sugar business operations in Malaysia

The goodwill relates to the acquisition of the sugar business by the Group and is allocated to MSM Holdings Berhad Group. This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the CGU is determined based on VIU calculation using cash flows projections based on financial budgets approved by the Directors covering a three-year period and applying a terminal value growth rate multiple using longer-term sustainable growth rates.

20 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(i) Sugar business operations in Malaysia (continued)

The key assumptions used for the CGU's VIU calculation are:

	2017	2016
Selling price, RM per metric tonne ("MT")	1,971 – 2,790	2,206 - 2,991
Terminal value growth rate	2%	2%
Raw sugar price, US cents per pounds	16.0	17.3 – 20.3
Sales volume, MT'000	1,403.3 – 1,463.4	1,082.0 – 1,629.5
Discount rate	10% - 11%	10% - 11%

(i) Selling price

Selling price is assumed based on ceiling price set by Government for domestic. Industry and export selling prices is estimated based on raw sugar futures price and expected margins from refining of raw sugar. The selling prices are held constant in financial year 2019 and 2020, except for industries sales.

(ii) Terminal value growth rate

The terminal value growth rate used is based on long-term sustainable growth rates of 2% in the sugar industry in Malaysia.

(iii) Raw sugar price

Raw sugar price is projected in line with New York #11 raw sugar future contracts. The long term price beyond financial year 2020 is held constant consistent with selling prices.

(iv) Sales volume

The sales volume is projected based on expected production volume and current market demand.

(v) Discount rate

The pre-tax discount rate used, reflects specific industry risks relating to the sugar business. A higher discount rate of 11% was applied on MSM Johor due to uncertainties in the projected sales volume and timing of operations commencement.

20 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(i) Sugar business operations in Malaysia (continued)

Other than as disclosed below, there is no reasonably possible change in any of the above key assumptions, which would cause the carrying value of the CGU to exceed its recoverable amount.

Financial year ended 31 December 2017

Key assumptions	Sensitivity	VIU lower by RM'000
Selling price	Reduce by RM50 per metric tonne	668,000
Raw sugar price	Increase in raw sugar prices by 1 cent per pounds	636,000
Sales volume	Reduce by 5%	628,000
Discount rate	Increase by 1%	320,000

The recoverable amount calculated based on VIU exceeded the carrying value by RM473 million. A reduction in selling price of RM35 per metric tonne, increase in raw sugar price by 0.8 cents per pounds, reduction in sales volume by 3.75% and increase in discount rate by 1.0% would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

Financial year ended 31 December 2016

Key assumptions	Sensitivity	VIU lower by RM'000
Selling price	Reduce by RM100 per metric tonne	1,400,000
Raw sugar price	Increase in raw sugar prices by 1 cent per pounds	923,000
Sales volume	Reduce by 10%	1,002,000
Discount rate	Increase by 1%	553,000

The recoverable amount calculated based on VIU exceeded the carrying value by RM524 million. A reduction in selling price of RM37 per metric tonne, increase in raw sugar price by 0.6 cents per pounds, reduction in sales volume by 5% and increase in discount rate by 0.95% would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

The above sensitivity analysis is based on the assumptions while holding all other assumptions constant.

(ii) Palm upstream operations in Malaysia

Goodwill of RM739,741,000 for palm upstream operations in Malaysia comprise of RM512,946,000 for APL, RM127,238,000 for PUP and RM99,557,000 (Note 21(c)(i)) for Yapidmas. The Group's estates in Malaysia are combined for the purposes of goodwill impairment testing as they represent the lowest level within the Group at which goodwill is monitored for internal management purpose.

20 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill (continued)

(ii) Palm upstream operations in Malaysia (continued)

The recoverable amount of the CGU is determined using a fair value less cost to sell calculation (Level 3 fair value computation) using cash flow projections covering a 25 year period. The key assumptions are as follows:

Financial year ended 31 December 2017

(i)	CPO price	RM2,500/MT to RM2,600/MT
(ii)	PK price	RM1,752/MT to RM2,300/MT
(iii)	Estate cost	Mature estate costs – RM1,140 per hectare to RM3,957 per hectare based on a 25 year cycle for oil palm Immature estate costs – RM3,000 per hectare to RM4,268 per hectare based on a 25 year cycle for oil palm
(iv)	FFB yield	17.3 MT/ha to 27.1 MT/ha
(v)	Discount rate	9.5%

Financial year ended 31 December 2016

(i)	CPO price	RM2,450/MT to RM2,700/MT
(ii)	PK price	RM1,752/MT to RM2,900/MT
(iii)	Estate cost	Mature estate costs – RM3,028 per hectare to RM3,825 per hectare based on a 25 year cycle for oil palm Immature estate costs – RM3,782 per hectare to RM4,175 per hectare based on a 25 year cycle for oil palm
(iv)	FFB yield	13.9 MT/ha to 27.1 MT/ha
(v)	Discount rate	9.5%

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in any of the base case assumptions would cause the carrying amount of the CGU to exceed the recoverable amount.

(i) CPO and PK price

CPO and PK is determined based on the forecast provided by the Group's trading arm subsidiary, based on historical results and industry trend.

(ii) FFB yield and estate costs

The FFB yield and estate costs are based on forecast provided by the Group's upstream operations management, based on this Group's approved budget, historical results and industry trend.

(iii) Discount rate

The post-tax discount rate used reflects specific industry risks relating to the palm plantation operations including consideration of comparison with comparable peer companies in Malaysia.

20 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment test for intangible assets (other than goodwill)

(i) Refining palm oil operation in China

In the previous financial year, difficult operating conditions and continuing losses in a subsidiary, FGV China Oils Ltd., were identified as indicators for an impairment test to be performed for the non-financial assets in relation to the CGU for palm oil refining operations in China. As a result of the impairment assessment, RM11,818,000 of impairment loss had been recognised for intangible assets (other than goodwill) in respect of FGV China Oils Ltd.. The other results, key assumptions and the sensitivity analysis for the impairment assessment are disclosed in Note 18 to the financial statements.

21 INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
At cost less accumulated impairment		
(i) Malaysian quoted shares:		
Ordinary shares:		
At 1 January/31 December	270,026	270,026
(ii) Malaysian unquoted shares:		
Ordinary shares:		
At 1 January	6,560,027	6,532,633
Additions	11,679	26,452
Disposal	(567,898)	-
Conversion of amounts due from subsidiaries into ordinary shares (Note 26)	567,898	942
At 31 December	6,571,706	6,560,027
(iii) Foreign unquoted shares:		
At 1 January	110,419	190,571
Impairment loss (Note 21(d))	-	(80,152)
At 31 December	110,419	110,419
(iv) RCPS/RCCPS:		
At 1 January	1,796,334	2,322,334
Redemption	-	(526,000)
At 31 December	1,796,334	1,796,334
(v) Capital contribution to subsidiaries:		
At 1 January	15,600	15,600
Liquidation of a subsidiary	(118)	-
At 31 December	15,482	15,600
Total	8,763,967	8,752,406
Market value of Malaysian quoted shares, based on Group's effective interest	316,316	389,609

The disclosure of market value of Malaysia quoted shares is based on Level 1 fair value computation.

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows:

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Direct subsidiaries										
Felda Global Ventures Indonesia Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	-	-
Felda Global Ventures Sugar Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0
Felda Global Ventures Perlis Sdn. Bhd.	Malaysia	Under liquidation	100.0	100.0	100.0	100.0	-	-	-	-
FGV Resources Sdn. Bhd. (previously known as FGV Seri Costa Sdn. Bhd. and Felda Global Ventures India Sdn. Bhd. prior to this) *(Notes 2 and 6)*	Malaysia	Dormant	100.0	100.0	100.0	100.0	-	-	-	-
FGV USA Properties, Inc *	United States of America	Operator of residential real estate in USA	100.0	100.0	100.0	100.0	-	-	-	-
Felda Global Ventures Livestock Sdn. Bhd. *(Note 1)*	Malaysia	Liquidated	-	100.0	-	100.0	-	-	-	-
MSM Malaysia Holdings Berhad	Malaysia	Investment holding	11.0	11.0	51.0	51.0	49.0	49.0	-	-
Felda Global Ventures Downstream Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0
Felda Global Ventures Plantations Sdn. Bhd. *(Note 4)*	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	100.0	100.0
Felda Global Ventures Shared Service Centre Sdn. Bhd.	Malaysia	Provision of shared services	100.0	100.0	100.0	100.0	-	-	-	-
Felda Global Ventures Research & Development Sdn. Bhd.	Malaysia	Research and development	100.0	100.0	100.0	100.0	-	-	-	-
Felda Global Ventures Capital Sdn. Bhd.	Malaysia	Undertake the business of all kinds of treasury services	100.0	100.0	100.0	100.0	-	-	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Direct subsidiaries (continued)										
FGV Investment (L) Pte. Ltd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	-	-
Pontian United Plantations Berhad	Malaysia	Investment holding and cultivation of oil palm	100.0	100.0	100.0	100.0	-	-	-	-
Felda Holdings Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	-	-
FGV R&D and Agri Services Sdn. Bhd.	Malaysia	Investment holding company, research and development, technical services and product development	100.0	100.0	100.0	100.0	-	-	-	-
Felda Global Ventures Rubber Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0	100.0	100.0	-	-	-	-
FGV Trading Sdn. Bhd.	Malaysia	Commodity trading	100.0	100.0	100.0	100.0	-	-	-	-
FGV China Oils Ltd. #	China	Refining of palm oil	100.0	100.0	100.0	100.0	-	-	-	-
FGV Leads Sdn. Bhd. *(Note 3)*	Malaysia	Dormant	100.0	-	100.0	-	-	-	-	-

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21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries										
Subsidiaries of MSM Malaysia Holdings Berhad										
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of refined sugar product	-	-	51.0	51.0	49.0	49.0	-	-
MSM Perlis Sdn. Bhd.	Malaysia	Sugar refining, sales and marketing of refined sugar product and planting of rubber and oil palm	-	-	51.0	51.0	49.0	49.0	-	-
MSM Trading & Distribution Sdn. Bhd.	Malaysia	Conduct commodity trading and related business activities	-	-	51.0	51.0	49.0	49.0	-	-
MSM Sugar Refinery (Johor) Sdn. Bhd.	Malaysia	Carry on business in sugar products and by-products	-	-	51.0	51.0	49.0	49.0	-	-
MSM Trading International DMCC	United Arab Emirates	Raw and refined sugar trading	-	-	51.0	51.0	49.0	49.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiary of MSM Prai Berhad										
MSM Logistics Sdn. Bhd.	Malaysia	Provision of lorry transportation services	-	-	51.0	51.0	49.0	49.0	-	-
Subsidiaries of Felda Global Ventures Downstream Sdn Bhd										
Felda Global Ventures North America Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	100.0	100.0
FGV Biotechnologies Sdn. Bhd.	Malaysia	Processing and sale of biodiesel products	-	-	100.0	100.0	-	-	-	-
FGV Cambridge Nanosystems Limited#	United Kingdom	Production, manufacturing, biodiesel marketing, selling and/or trading of high grade carbon nanotubes and graphene	-	-	70.0	70.0	30.0	30.0	-	-
FGV Green Energy Sdn. Bhd.	Malaysia	Producing and manufacturing biodiesel	-	-	60.0	60.0	40.0	40.0	-	-
FGV Lipid Venture Sdn. Bhd.	Malaysia	Producing of tocotrienol from refined bleached palm oil	-	-	60.0	60.0	40.0	40.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Global Ventures North America Sdn Bhd										
Twin Rivers Technologies Holdings, Inc. #	United States of America	Investment holding	-	-	100.0	100.0	-	-	-	-
Twin Rivers Technologies Holdings- Enterprise De Transformation De Graines Oleagineuses Du Quebec Inc *	Canada	Investment holding	-	-	100.0	100.0	-	-	-	-
Subsidiaries of Twin Rivers Technologies Holding, Inc.										
Twin Rivers Technologies Manufacturing Corporation #	United States of America	Procurement, processing and supply of fatty acids	-	-	100.0	100.0	-	-	-	-
TRT Europe GambH #	Germany	Dormant	-	-	100.0	100.0	-	-	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiary of Twin Rivers Technologies Manufacturing Corporation										
Fore River Transportation Corporation #	United States of America	Operation, management and maintenance of a railroad service	-	-	100.0	100.0	-	-	-	-
Subsidiary of FGV Cambridge Nanosystems Ltd.										
GasPlas AS #	Norway	Research and experimental development on natural sciences and engineering	-	-	70.0	70.0	30.0	30.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Global Ventures Plantations Sdn. Bhd.										
Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. *(Note 4)*	Malaysia	Production of FFB, rubber cup-lump, commodity trading, management of plantation estates and other biological assets	-	-	100.0	100.0	-	-	-	-
Felda Global Ventures Kalimantan Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Subsidiaries of Felda Global Ventures Plantations (Malaysia) Sdn. Bhd.										
Asian Plantations Limited # *(Note 4)*	Singapore	Investment holding	-	100.0	100.0	100.0	-	-	-	-
Subsidiaries of Asian Plantations Limited										
Asian Plantations (Sarawak) Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Asian Plantations (Sarawak) II Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Asian Plantations (Sarawak) III Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-

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21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Asian Plantations (Sarawak) Sdn. Bhd.										
BJ Corporation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Incosetia Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Fortune Plantation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Asian Plantations Milling Sdn. Bhd.	Malaysia	Oil palm milling	-	-	100.0	100.0	-	-	-	-
Subsidiary of Incosetia Sdn. Bhd.										
South Asian Farms Sdn. Bhd.	Malaysia	Dormant	-	-	100.0	100.0	-	-	-	-
Subsidiaries of Asian Plantations (Sarawak) II Sdn. Bhd.										
Kronos Plantation Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Grand Performance Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	100.0	100.0	-	-	-	-
Subsidiary of Asian Plantations Sarawak III Sdn. Bhd.										
Jubilant Paradise Sdn. Bhd.	Malaysia	Oil palm plantation	-	-	60.0	60.0	40.0	40.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Subsidiaries of Felda Global Ventures Kalimantan Sdn. Bhd.										
PT. Citra Niaga Perkasa#	Indonesia	Oil palm plantation	-	-	95.0	95.0	5.0	5.0	-	-
PT. Temila Agro Abadi#	Indonesia	Oil palm plantation	-	-	95.0	95.0	5.0	5.0	-	-
PT Bumi Agro Nusantara#	Indonesia	Management and consulting services	-	-	100.0	100.0	-	-	-	-
Subsidiaries of FGV Investment (L) Pte. Ltd.										
FGV Myanmar (L) Pte. Ltd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
FGV Cambodia (L) Pte. Ltd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Subsidiaries of FGV Cambodia (L) Pte. Ltd.			-							
FGC-CVC (Cambodia) Co. Ltd.#	Cambodia	Production and export of rubber blocks and other processed rubber	-	-	75.0	75.0	25.0	25.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Pontian United Plantations Berhad										
Redefined Land Sdn. Bhd.	Malaysia	Investment holding and property investment	-	-	100.0	100.0	-	-	-	-
Kilang Kelapa sawit Pontian Sdn. Bhd.	Malaysia	Investment holding and property investment	-	-	100.0	100.0	-	-	-	-
Bangsan Sdn. Bhd.	Malaysia	Investment holding	-	-	100.0	100.0	-	-	-	-
Sabahanya Plantations Sdn. Bhd.	Malaysia	Investment holding and cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Pontian Fico Plantations Sdn. Bhd.	Malaysia	Investment holding, cultivation of oil palm and extraction of crude palm oil and palm kernel for sale	-	-	78.3	78.3	21.7	21.7	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Pontian United Plantations Berhad (continued)										
Pontian Orico Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Pendirosa Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Materis Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Hillco Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-
Pontian Subok Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	78.3	78.3	21.7	21.7	-	-
Yapidmas Plantation Sdn. Bhd. *(Note 5)*	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Sri Kehuma Sdn. Bhd. *(Note 5)*	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Ladang Kluang Sdn. Bhd. *(Note 5)*	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Tanah Emas Oil Palm Processing Sdn. Bhd. *(Note 5)*	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Subsidiaries of Sabahanya Plantations Sdn. Bhd.										
Rawajaya Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-
Blossom Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	-	-	100.0	100.0	-	-	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Holdings Bhd.										
Felda Palm Industries Sdn. Bhd.	Malaysia	Tolling manufacturer by processing oil palm fresh fruit bunches into crude palm oil and palm kernel and investment holding	-	-	72.0	72.0	28.0	28.0	-	-
Felda Agricultural Services Sdn. Bhd.	Malaysia	Production and sale of palm oil, cocoa, rat poison, fertilisers and oil palm seeds and provision of agricultural research services	-	-	76.9	76.9	23.1	23.1	-	-
Felda Travel Sdn. Bhd.	Malaysia	Travel and tour agent	-	-	100.0	100.0	-	-	100.0	100.0
Malaysia Cocoa Manufacturing Sdn. Bhd.	Malaysia	Ceased operations in 2016	-	-	100.0	100.0	-	-	-	-
FPM Sdn. Bhd.	Malaysia	Manufacturing and selling of granulated compound fertilisers	-	-	100.0	100.0	-	-	-	-
Felda Prodata Systems Sdn. Bhd.	Malaysia	Provision of computer services, sale of computer software and equipment	-	-	80.0	80.0	20.0	20.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Holdings Bhd. (continued)										
Felda-Johore Bulkers Sdn. Bhd.	Malaysia	Storing and handling of palm oil products	-	-	72.7	72.7	27.3	27.3	-	-
Felda Rubber Industries Sdn. Bhd.	Malaysia	Processing of raw latex to concentrated latex and Standard Malaysia Rubber ("SMR")	-	-	71.4	71.4	28.6	28.6	-	-
Felda Engineering Services Sdn. Bhd.	Malaysia	Engineering services including project management, sale of industrial equipment and road maintenance	-	-	51.0	51.0	49.0	49.0	-	-
Felda Transport Services Sdn. Bhd.	Malaysia	Provision of transportation for palm oil based products	-	-	51.0	51.0	49.0	49.0	-	-
Felda Security Services Sdn. Bhd.	Malaysia	Provision of security services	-	-	51.0	51.0	49.0	49.0	-	-
F.W.Q. Enterprises (Pvt.) Ltd.*	Pakistan	Provision of jetty services	-	-	65.0	65.0	35.0	35.0	-	-
Felda Enterprises Sdn. Bhd. (Note 9)	Malaysia	Liquidated	-	-	-	100.0	-	-	-	-
Felda Plantations Sdn. Bhd.	Malaysia	Under liquidation	-	-	51.0	51.0	49.0	49.0	-	-
FGV Logistics Sdn. Bhd. (Note 7)	Malaysia	Provision of transportation	-	-	90.0	90.0	10.0	10.0	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Palm Industries Sdn. Bhd.										
Felda Vegetable Oil Products Sdn. Bhd.	Malaysia	Tolling services of crude palm oil and palm kernel oil	-	-	48.0	48.0	52.0	52.0	-	-
Felda Kernel Products Sdn. Bhd.	Malaysia	Processing of oil palm kernels	-	-	60.0	60.0	40.0	40.0	-	-
Delima Oil Products Sdn. Bhd.	Malaysia	Processing, packaging, and distribution of finished consumer and industrial palm oil products	-	-	72.0	72.0	28.0	28.0	-	-
Felda Marketing Services Sdn. Bhd.	Malaysia	Marketing of group products	-	-	36.7	36.7	63.3	63.3	-	-
FNI Biofuel Sdn. Bhd.*	Malaysia	Manufacturing of biomass fuel from empty fruit bunch	-	-	72.0	72.0	28.0	28.0	-	-
Sutrajaya Shipping Sdn. Bhd. (Note 8)	Malaysia	Under liquidation	-	-	72.0	72.0	28.0	28.0	-	-
Subsidiary of Felda Vegetable Oil Products Sdn. Bhd.										
F.S. Oils Sdn. Bhd.*	Malaysia	Dormant	-	-	48.0	48.0	52.0	52.0	-	-
Subsidiary of Felda Marketing Services Sdn. Bhd.										
PT. Cashgrow Ventures#	Indonesia	Commodity trading	-	-	34.9	34.9	65.1	65.1	-	-

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21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiaries of Felda Plantations Sdn. Bhd.										
Felda Farm Products Sdn. Bhd.	Malaysia	Under liquidation	-	-	51.0	51.0	49.0	49.0	-	-
Subsidiaries of Felda Rubber Industries Sdn. Bhd.										
Feltex Co. Ltd.*	Thailand	Processing and marketing of latex concentrate	-	-	36.4	36.4	63.6	63.6	-	-
P.T. Felda Indo Rubber*	Indonesia	Processing and marketing of latex	-	-	50.0	50.0	50.0	50.0	-	-
Felda Rubber Products Sdn. Bhd.	Malaysia	Under liquidation	-	-	71.4	71.4	28.6	28.6	-	-
Subsidiaries of Felda-Johore Bulkers Sdn. Bhd.										
Felda Bulkers Sdn. Bhd.	Malaysia	Storing and handling export of palm oil, oleochemical products, latex concentrate and SMR	-	-	86.1	86.1	13.9	13.9	-	-
P.T. Patisindo Sawit *	Indonesia	Storing and handling export of vegetable oil	-	-	72.7	72.7	27.3	27.3	-	-
Langsat Bulkers Sdn. Bhd.	Malaysia	Provision of bulking installation services for palm oil and related vegetable oil products	-	-	72.7	72.7	27.3	27.3	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiary of Felda Bulkers Sdn. Bhd.										
Felda Grains Terminal Sdn. Bhd.	Malaysia	Handling storage transportation, mixing and blending of palm kernel and grains	-	-	70.1	70.1	29.9	29.9	-	-
Subsidiaries of Felda Engineering Services Sdn. Bhd.										
Allied Engineering Consultancy Services Sdn. Bhd. *	Malaysia	Provision of engineering consultancy services	-	-	51.0	51.0	49.0	49.0	-	-
Felda Properties Sdn. Bhd.	Malaysia	Property management of FELDA projects	-	-	51.0	51.0	49.0	49.0	-	-
Felda Construction Sdn. Bhd.	Malaysia	Under liquidation	-	-	51.0	51.0	49.0	49.0	-	-
Subsidiaries of Felda Travel Sdn. Bhd.										
Plantation Resorts Sdn. Bhd.	Malaysia	Dormant	-	-	100.0	100.0	-	-	-	-
Subsidiary of FGV R&D and Agri Services Sdn. Bhd.										
FGV Applied Technologies Sdn. Bhd.	Malaysia	Research and development of oleo and bio-chemicals, food technologies, mill and biomass technologies, automation, mechanization and remote sensing	-	-	100.0	100.0	-	-	-	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of subsidiaries are as follows: (continued)

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by FGVH		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of RCPS/ RCCPS held by the Group	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Indirect subsidiaries (continued)										
Subsidiary of Felda Global Ventures Rubber Sdn. Bhd.										
FGV Green Rubber Sdn. Bhd.	Malaysia	Purchasing and processing raw lattices and marketing rubber	-	-	100.0	100.0	-	-	-	-

The proportion of voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

* Not audited by PricewaterhouseCoopers, Malaysia or its affiliates
\# Audited by an affiliate of PricewaterhouseCoopers, Malaysia
@ 30% equity stake in Sabahanya Plantations Sdn. Bhd. is held in trust for the beneficial interest of the Group.

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21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Liquidation, incorporation and restructuring of subsidiaries during the financial year

Note 1 On 10 February 2017, the member's voluntary winding up process for Felda Global Ventures Livestock Sdn. Bhd. ("FGVL"), a dormant subsidiary of the Company had been completed and was deemed fully dissolved pursuant to Section 459(5) of the Companies Act 2016. As a result, the Group derecognised its interest in FGVL and recorded a loss on liquidation of RM68,000 during the financial year.

Note 2 On 9 June 2017, FGV Seri Costa Sdn. Bhd., a wholly-owned subsidiary, changed its name to FGV Resources Sdn. Bhd.

Note 3 On 21 July 2017, the Company incorporated a wholly-owned subsidiary known as FGV Leads Sdn. Bhd., a company incorporated in Malaysia with a share capital of RM2.

Note 4 On 20 December 2017, Felda Global Ventures Plantations Sdn. Bhd. ("FGVP"), a wholly-owned subsidiary, entered into a Share Sale Agreement to acquire 100% of the total issued and paid-up share capital of Asian Plantations Limited ("APL") from the Company at its carrying amount of RM567.90 million.

Thereafter, on 27 December 2017, the APL shares were 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 the same amount.

The above arrangement is an internal re-organisation exercise which resulted in APL becoming a direct subsidiary of FGVPM and an indirect subsidiary of the Company. There is no change in the Group's effective interest in APL arising from the internal re-organisation exercise.

(c) Acquisition, dilution of interest and liquidation of subsidiaries in previous financial year

Note 5 On 14 March 2016, Pontian United Plantations Berhad, a wholly-owned subsidiary, acquired a piece of land owned by Golden Land Berhad and its four wholly-owned subsidiary companies namely Yapidmas Plantation Sdn. Bhd., Sri Kehuma Sdn. Bhd., Ladang Kluang Sdn. Bhd. and Tanah Emas Oil Palm Processing Sdn. Bhd. (together "Yapidmas") for a total purchase consideration of RM655 million. Refer c(i) for the effects of the acquisition of Yapidmas.

Note 6 On 7 April 2016, Felda Global Ventures India Sdn. Bhd., a wholly-owned subsidiary, changed its name to FGV Seri Costa Sdn. Bhd.

Note 7 On 27 September 2016, Felda Holdings Bhd. ("FHB"), a wholly-owned subsidiary, entered into a shareholder agreement with a third party warehouse operator namely Afico Terminal Services Sdn. Bhd. ("ATS") to jointly manage and operate FGV Logistics Sdn. Bhd. ("FGVL"). The subscription consideration for the share by FHB and ATS were RM16,200,000 and RM1,800,000 respectively. Consequently, FHB's effective interest in FGVL decreased from 100% to 90%.

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition, dilution of interest and liquidation of subsidiaries in previous financial year (continued)

Note 8 On 8 August 2016, Felda Palm Industries Sdn. Bhd., an indirect subsidiary of the Group, received a capital return sum of RM100,000,000 relating to its 72% interest in Sutrajaya Shipping Sdn. Bhd. ("Sutrajaya") arising from Sutrajaya's liquidation process. As a result of the capital return, the Group derecognised its interest in Sutrajaya and recorded a gain on liquidation of RM25,291,000 in the previous financial year.

Note 9 On 23 December 2016, FHB received a capital return sum RM5,230,000 relating to its 100% interest in Felda Enterprise Sdn. Bhd. ("FESB") arising from FESB's liquidation process. As a result of the capital return, the Group derecognised its interest in FESB and recorded a gain on liquidation of RM833,000 in the previous financial year.

(i) The effects of the acquisition of Yapidmas during the previous financial year were as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	320,754	659,653
Inventories	2,314	2,314
Trade and other receivables	9,202	9,202
Cash and cash equivalents	10,882	10,882
Payables	(18,821)	(18,821)
Borrowings	(697)	(697)
Deferred tax liabilities	(25,754)	(107,090)
Total net assets acquired	297,880	555,443

The cash outflow on acquisition was as follows:

	RM'000
Consideration paid	655,000
Less : Cash and cash equivalents acquired	(10,882)
	644,118
Less: Deposit paid in 2015	(365,500)
Net cash outflow on acquisition	278,618

The goodwill on acquisition was as follows:

	RM'000
Purchase consideration	655,000
Fair value of net assets acquired	(555,443)
Goodwill on acquisition (Note 20)	99,557

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition, dilution of interest and liquidation of subsidiaries in previous financial year (continued)

(i) The effects of the acquisition of Yapidmas during the previous financial year were as follows: (continued)

The effects of the acquisition of Yapidmas on the financial results of the Group in previous financial year is shown below:

	RM'000
Revenue	155,599
Cost of sales	(126,384)
Gross profit	29,215
Other operating income	552
Selling and distribution costs	(1,468)
Administrative expenses	(1,774)
Finance costs	(24)
Profit before taxation	26,501
Taxation	(7,528)
Profit after taxation	18,973

(ii) The effects of the acquisition of Yapidmas on the financial results of the Group in previous financial year had the acquisition taken effect at the beginning of the previous financial year is shown below:

	RM'000
Revenue	176,650
Cost of sales	(145,012)
Gross profit	31,638
Other operating income	661
Selling and distribution costs	(1,691)
Administrative expenses	(2,448)
Finance costs	(75)
Profit before taxation	28,085
Taxation	(7,974)
Profit after taxation	20,111

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Impairment loss on investment in a subsidiary

In the previous financial year, difficult operating conditions and continuing losses in a subsidiary, FGV China Oils Ltd., were identified as indicators for an impairment test to be performed for the investment in the palm oil refining operations in China. The recoverable amount of the subsidiary is determined based on fair value less cost to sell calculation (Level 3 fair value computation) using cash flow projections discounted at 13%. The remaining key assumptions for the impairment assessment are disclosed in Note 18 to the financial statements.

As a result of the impairment assessment, an impairment loss of RM80,152,000 had been recorded in other operating expenses in the financial statements of the Company.

Based on sensitivity analysis performed by the Company, the impact of 1% increase in the discount rate used, which is a key assumption, will result in additional impairment loss of approximately RM10,360,000.

(e) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant).

Summarised statements of financial position

	MSM Malaysia Holdings Berhad Group		Felda Palm Industries Sdn. Bhd.		Felda Marketing Services Sdn. Bhd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current						
Assets	1,295,990	1,623,075	930,308	738,308	305,718	239,181
Liabilities	(994,653)	(985,971)	(228,719)	(131,446)	(221,588)	(362)
Total current net assets	301,337	637,104	701,589	606,862	84,130	238,819
Non-current						
Assets	2,112,391	1,602,353	1,539,158	1,596,582	3,108	3,423
Liabilities	(483,602)	(252,647)	(309,085)	(297,269)	(14)	(14)
Total non-current net assets	1,628,789	1,349,706	1,230,073	1,299,313	3,094	3,409
Net assets	1,930,126	1,986,810	1,931,662	1,906,175	87,224	242,228

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant). (continued)

Summarised statements of comprehensive income

	MSM Malaysia Holdings Berhad Group		Felda Palm Industries Sdn. Bhd.		Felda Marketing Services Sdn. Bhd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	2,666,065	2,658,446	858,955	709,528	9,193	6,739
(Loss)/profit before zakat and taxation	(15,807)	148,515	194,586	(24,171)	117,580	7,235
Tax and zakat expense	(16,767)	(27,793)	(32,119)	(18,343)	(2,953)	(1,758)
(Loss)/profit for the financial year	(32,574)	120,722	162,467	(42,514)	114,627	5,477
Other comprehensive income/(loss)	4,009	(2,213)	(3,415)	(3,708)	(69,269)	-
Total comprehensive (loss)/ income	(28,565)	118,509	159,052	(46,222)	45,358	5,477

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant). (continued)

Summarised statements of comprehensive income (continued)

	MSM Malaysia Holdings Berhad Group		Felda Palm Industries Sdn. Bhd.		Felda Marketing Services Sdn. Bhd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/profit attributable to non-controlling interest	(15,961)	55,090	45,490	(11,904)	72,558	3,466
Total comprehensive (loss)/ income attributable to non-controlling interest	(13,997)	54,006	44,535	(12,942)	28,711	3,466
Accumulated non-controlling interest	945,762	973,537	538,503	533,729	57,671	155,788
Dividends paid to non-controlling interest	13,778	82,670	39,761	14,140	126,828	-

21 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (other subsidiaries that have non-controlling interests are individually not significant). (continued)

Summarised statements of cash flows

	MSM Malaysia Holdings Berhad Group		Felda Palm Industries Sdn. Bhd.		Felda Marketing Services Sdn. Bhd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flow (used in)/generated from operations	(26,434)	365,728	73,083	126,919	(429)	(14,117)
Retirement benefits paid	-	-	(491)	(528)	-	-
Zakat paid	-	(2,000)	(2,383)	(2,123)	-	-
Income tax paid	(11,758)	(58,652)	(34,312)	(7,784)	(1,926)	8,630
Net cash (used in)/generated from operating activities	(38,192)	305,076	35,897	116,484	(2,355)	(5,487)
Net cash (used in)/generated from investing activities	(542,842)	(204,364)	27,205	29,715	227,099	1,902
Net cash generated from/ (used in) financing activities	458,806	96,256	(157,795)	(21,349)	(5,100)	(5,100)
Net (decrease)/increase in cash and cash equivalents	(122,228)	196,968	(94,693)	124,850	219,644	(8,685)
Effect of foreign exchange rate changes	(9,476)	1,837	-	-	-	-
Cash and cash equivalents at beginning of financial year	322,707	123,902	185,400	60,550	20,729	29,414
Cash and cash equivalents at end of financial year	191,003	322,707	90,707	185,400	240,373	20,729

22 INTERESTS IN ASSOCIATES

	Group	
	2017 RM'000	2016 RM'000
Share of net assets of associates	275,478	260,700

Summarised financial information in respect of the Group's share of revenue, results and capital commitments of its associates is set out below:

	Group	
	2017 RM'000	2016 RM'000
Revenue	643,652	570,262
Group's share of results for the financial year	21,336	29,767
Share of capital commitments of associates	13,545	23,016

22 INTERESTS IN ASSOCIATES (CONTINUED)

Set out below are details of the associates of the Group as at 31 December 2017. The associates as listed below have share capital consisting of ordinary and RCPS shares, which are held directly and indirectly by the Group, have financial years ending 31 December, unless otherwise stated, and are measured by way of equity accounting.

Name of company	Place of business/ country of incorporation	Group's effective interest		Nature of business
		2017 %	2016 %	
Indirect associates				
Associates of FHB				
Taiko Clay Chemicals Sdn. Bhd.*	Malaysia	21.6	21.6	(i)
Paragon Yield Sdn. Bhd.	Malaysia	30.0	30.0	(ii)
Nilai Education Sdn. Bhd.	Malaysia	30.0	30.0	(iii)
FKW Global Commodities (PVT) Limited	Malaysia	30.0	30.0	(iv)
Associate of PUP				
Malacca Plantation Sdn. Bhd.	Malaysia	34.33	34.33	(v)

(i) Manufacturing and sale of activated bleaching earth
(ii) Investment holding
(iii) Management of an educational institute
(iv) Commodity trading
(v) Investment holding and cultivation of oil palm

* The Group's effective interest is based on 30% holding in Taiko Clay Chemicals Sdn. Bhd. by Felda Palm Industries Sdn. Bhd., a 72% owned subsidiary of the Group.

There are no material contingent liabilities relating to the Group's interests in the associates.

The associate companies above are private companies and have no quoted market price available for their shares.

During the financial year, Paragon Yield Sdn. Bhd. redeemed its RCPS held by the Group for a total consideration of RM5,400,000, resulting in a gain on redemption of RM2,700,000. The redemption of RCPS did not affect the Group's effective interest in the associate.

22 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates

Set out below are the summarised financial information for Taiko Clay Chemicals Sdn. Bhd. ("Taiko") and the aggregate of other associates ("insignificant in aggregate") which are accounted for using the equity method:

Summarised statements of financial position

	Taiko		Insignificant in aggregate		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current						
Cash and cash equivalents	166,354	128,435	39,910	30,313	206,264	158,748
Other current assets (excluding cash)	279,137	216,927	75,589	56,753	354,726	273,680
Total current assets	445,491	345,362	115,499	87,066	560,990	432,428
Financial liabilities (excluding trade payables)	(14,971)	(92,144)	(24,820)	(23,411)	(39,791)	(115,555)
Other current liabilities (including trade payables)	(92,308)	(27,033)	(20,056)	(7,342)	(112,364)	(34,375)
Total current liabilities	(107,279)	(119,177)	(44,876)	(30,753)	(152,155)	(149,930)
Non-current						
Assets	254,929	294,285	409,446	396,763	664,375	691,048
Financial liabilities	(25,179)	(16,875)	(15,903)	(16,619)	(41,082)	(33,494)
Total non-current liabilities	(25,179)	(16,875)	(15,903)	(16,619)	(41,082)	(33,494)
Net assets	567,962	503,595	464,166	436,457	1,032,128	940,052

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22 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

Summarised statements of comprehensive income

	Taiko		Insignificant in aggregate		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	458,930	393,900	184,722	176,362	643,652	570,262
Profit from continuing operations	110,728	110,953	34,424	55,549	145,152	166,502
Tax and zakat expense	(37,090)	(22,888)	1,312	115	(35,778)	(22,773)
Post-tax profit from continuing operations	73,638	88,065	35,736	55,664	109,374	143,729
Other comprehensive (loss)/income	(9,271)	(8,891)	-	-	(9,271)	(8,891)
Total comprehensive income	64,367	79,174	35,736	55,664	100,103	134,838
Dividends received from associate	-	3,000	806	3,360	806	6,360

The information above reflects the figures after group adjustments on the amounts presented in the financial statements of the associates.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in associates

	Taiko		Insignificant in aggregate		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Opening net assets	503,595	434,421	436,457	390,781	940,052	825,202
Profit for the financial year	73,638	88,065	35,736	55,664	109,374	143,729
Dividend	-	(10,000)	(8,027)	(9,988)	(8,027)	(19,988)
Other comprehensive (loss)/income	(9,271)	(8,891)	-	-	(9,271)	(8,891)
Closing net assets	567,962	503,595	464,166	436,457	1,032,128	940,052
Interest in associates	30.0%	30.0%	7%-34%	7%-34%	-	-
Carrying value	170,389	151,079	105,089	109,621	275,478	260,700
Unrecognised share of loss	-	-	-	-	-	-

23 INTERESTS IN JOINT VENTURES

	Group	
	2017 RM'000	2016 RM'000
Share of net assets of joint ventures	595,773	635,627
Accumulated impairment losses	(10,000)	(7,556)
	585,773	628,071

The Group's share of the revenue, results and capital commitments of the joint ventures are as follows:

	2017 RM'000	2016 RM'000
Revenue	7,624,256	6,009,757
Group's share of results for the financial year	6,188	(19,478)
Share of capital commitments of joint ventures	8,814	10,829

During the financial year, the Group fully impaired its investment in MyBiomass Sdn. Bhd. amounting to RM2,444,000 (2016: Nil).

In previous financial year, stock losses of TL71,960,000 (RM91,320,000) and overstatements of receivables of TL11,480,000 (RM14,564,000) had been identified by the Group due to the manipulation of financial statements perpetrated by previous management of Felda Iffco Gida Sanayi ("FIGS"), a subsidiary of Felda Iffco Sdn. Bhd., a joint venture of the Group which arose from overstatements of inventories and receivables in FIGS, from the beginning financial year 2011 to 2016, which were considered as deliberate misrepresentation of facts and fraud.

The impact of fraud relating to previous financial year of RM16,123,000 had been included in the Group's share of results from joint ventures in 2016.

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Set out belows are details of the joint ventures of the Group as at 31 December 2017. The joint ventures as listed below have share capital consisting solely of ordinary shares and have financial years ending 31 December, unless otherwise stated, and are measured by way of equity accounting, other than Kuala Muda Joint Venture, which is based on their share of net assets.

Name of company	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Nature of business
Indirect joint ventures				
Joint venture of FGVD				
Felda Iffco Sdn. Bhd.	Malaysia	50.0	50.0	(i)
Joint venture of Felda Global Ventures Kalimantan Sdn. Bhd.				
Trurich Resources Sdn. Bhd.	Malaysia	50.0	50.0	(ii)
Joint ventures of FHB				
FPG Oleochemicals Sdn. Bhd.	Malaysia	50.0	50.0	(iii)
Malaysia Pakistan Venture Sdn. Bhd. (30 June)#	Malaysia	37.5	37.5	(iv)
Mapak Edible Oils (Pvt) Ltd. (30 June)#	Pakistan	30.0	30.0	(v)
MEO Trading Sdn. Bhd.#	Malaysia	30.0	30.0	(vi)
FTJ Biopower Sdn. Bhd.#	Malaysia	43.0	43.0	(vii)
ProXcel Sdn. Bhd.#	Malaysia	43.0	40.0	(viii)
Sahabat Renewable Fuel Ventures Sdn. Bhd.#	Malaysia	-	36.7	(ix)
MyBiomass Sdn. Bhd.#	Malaysia	23.1	23.1	(x)
FGV Pho La Min Co. Ltd.#	Myanmar	51.0	51.0	(xi)
Indirect joint operation				
Kuala Muda Estate Joint Venture	Malaysia	50.0	50.0	(xii)

23 INTERESTS IN JOINT VENTURES (CONTINUED)

There are no material contingent liabilities relating to the Group's interest in the joint ventures.

(i) Refining, processing and packing of palm oil based products
(ii) Oil palm plantation operation
(iii) Processing and selling of oleochemical products
(iv) Investment holding
(v) Manufacturing and marketing of finished customer and industrial palm oil products
(vi) Futures trading
(vii) Developing, constructing, operating and maintaining a power plant
(viii) Dormant
(ix) Disposed on 22 March 2017. The disposal effect is immaterial to the Group.
(x) Aggregation of biomass, identification of the technology to convert palm-based biomass into High Value Green Chemicals/Products and commercialisation of the technologies
(xi) Technical advisory services in agriculture sector
(xii) Cultivation of oil palms

\# The Group treated these entities as joint ventures as the shareholder agreements require unanimous consent over decisions about relevant activities among the partners.

The joint venture companies above are private companies and have no quoted market price available for their shares.

There are no material contingent liabilities relating to the Group's interest in the joint ventures.

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

Set out below are the summarised financial information for Felda Iffco Sdn. Bhd. ("FISB"), Trurich Resources Sdn. Bhd. ("Trurich") and FPG Oleochemicals Sdn. Bhd. ("FPG") and the aggregate for other joint ventures ("insignificant in aggregate") which are accounted for using the equity method.

Summarised statements of financial position

	FISB		Trurich		FPG		Insignificant in aggregate		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current										
Cash and cash equivalents	119,587	194,947	16,717	42,555	196,233	225,953	54,541	62,764	387,078	526,219
Other current assets (excluding cash)	870,693	870,772	93,865	75,210	363,131	282,976	178,149	208,896	1,505,838	1,437,854
Total current assets	990,280	1,065,719	110,582	117,765	559,364	508,929	232,690	271,660	1,892,916	1,964,073
Financial liabilities (excluding trade payables)	(549,424)	(636,801)	(24,419)	(122,840)	-	(1,787)	(2,966)	(2,966)	(576,809)	(764,394)
Other current liabilities (including trade payables)	(589,055)	(626,429)	(189,836)	(147,394)	(156,368)	(148,941)	(135,987)	(131,660)	(1,071,246)	(1,054,424)
Total current liabilities	(1,138,479)	(1,263,230)	(214,255)	(270,234)	(156,368)	(150,728)	(138,953)	(134,626)	(1,648,055)	(1,818,818)
Non-current										
Assets	366,177	409,572	1,256,719	1,461,953	225,377	225,664	204,279	215,965	2,052,552	2,313,154
Financial liabilities	(77,454)	(78,867)	(878,672)	(936,171)	(20,774)	(23,386)	(1,036)	(1,036)	(977,936)	(1,039,460)
Total non-current liabilities	(77,454)	(78,867)	(878,672)	(936,171)	(20,774)	(23,386)	(1,036)	(1,036)	(977,936)	(1,039,460)
Net assets	140,524	133,194	274,374	373,313	607,599	560,479	296,980	351,963	1,319,477	1,418,949

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures (continued)

Summarised statements of comprehensive income

	FISB		Trurich		FPG		Insignificant in aggregate		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	4,764,039	3,790,837	290,002	257,576	1,941,731	1,497,208	628,484	464,136	7,624,256	6,009,757
Depreciation and amortisation	(31,336)	(27,929)	(58,919)	(48,296)	(16,201)	(16,808)	-	-	(106,456)	(93,033)
Interest income	-	-	368	9,227	-	-	-	-	368	9,227
Interest expense	(35,813)	(62,502)	(46,352)	(44,455)	(11)	(11)	(1,503)	(1,530)	(83,679)	(108,498)
Profit/(loss) before taxation	31,900	(86,665)	(86,996)	199	119,934	112,695	(22,926)	193,799	41,912	220,028
Tax expense	(8,605)	(7,583)	(10,518)	(10,170)	(22,814)	(3,090)	(32,057)	(19,984)	(73,994)	(40,827)
Profit/(loss) for the financial year	23,295	(94,248)	(97,514)	(9,971)	97,120	109,605	(54,983)	173,815	(32,082)	179,201
Other comprehensive (loss)/income	(8,965)	2,926	(1,425)	6,383	-	-	-	-	(10,390)	9,309
Total comprehensive income/(loss)	14,330	(91,322)	(98,939)	(3,588)	97,120	109,605	(54,983)	173,815	(42,472)	188,510
Dividends received from joint ventures	3,500	-	-	-	25,000	10,000	-	1,558	28,500	11,558

The information above reflects the figures after group adjustments on the amounts presented in the financial statements of the joint ventures.

23 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

	FISB		Trurich		FPG		Insignificant in aggregate		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Opening net assets	133,194	224,516	373,313	376,901	560,479	470,874	351,963	182,562	1,418,949	1,254,853
Profit/(loss) for the financial year	23,295	(94,248)	(97,514)	(9,971)	97,120	109,605	(54,983)	173,815	(32,082)	179,201
Dividend	(7,000)	-	-	-	(50,000)	(20,000)	-	(4,414)	(57,000)	(24,414)
Other comprehensive (loss)/income	(8,965)	2,926	(1,425)	6,383	-	-	-	-	(10,390)	9,309
Closing net assets	140,524	133,194	274,374	373,313	607,599	560,479	296,980	351,963	1,319,477	1,418,949
Interest in joint ventures	50%	50%	50%	50%	50%	50%	23%-51%	23%-51%	-	-
Carrying value	70,262	66,597	137,187	186,657	303,800	280,240	74,524	94,577	585,773	628,071
Unrecognised share of loss	-	-	-	-	-	-	(1,622)	(10,427)	(1,622)	(10,427)

24 PREPAID LEASE PAYMENTS

The prepaid lease payments were payment for rights to use the following:

	Leasehold land	
Group	2017 RM'000	2016 RM'000
Cost		
At 1 January	87,070	82,410
Additions	-	5,850
Currency translation differences	(1,304)	(838)
Write offs	-	(352)
31 December	85,766	87,070
Accumulated amortisation and impairment		
At 1 January	11,360	4,200
Amortisation charge	2,964	5,122
Provision for impairment loss	-	2,515
Currency translation differences	(224)	(125)
Write offs	-	(352)
At 31 December	14,100	11,360
Net book value at 31 December	71,666	75,710

As at 31 December 2017, the carrying amount of prepaid lease lands under land arrangements with FELDA amounted to RM26,432,000 (2016: RM43,000,000). FELDA is in the midst of applying the land titles from respective state authorities.

Included within provision for impairment in previous financial year was impairment loss of RM1,760,000 relating to FGV China Oils Ltd. (Note 18(a)).

25 RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets				
Deposits	7,840	15,932	-	-
Prepayment (Note i)	86,623	91,729	-	-
	94,463	107,661	-	-
Provision for impairment:				
Deposits	(6,406)	-	-	-
	88,057	107,661	-	-
Current assets				
Trade receivables (Note ii)	1,107,185	1,354,161	-	-
Amounts due from customers on contracts (Note 50)	14,926	357	-	-
Other receivables (Note iii)	245,707	277,259	10,548	9,339
Prepayments	54,055	34,655	434	331
Deposits (Note iv)	59,272	46,551	8,597	12,597
Goods and services tax ("GST") receivable	23,372	86,707	-	-
	1,504,517	1,799,690	19,579	22,267
Provision for impairment:				
Trade receivables	(116,022)	(44,563)	-	-
Deposits	(11,579)	-	-	-
	1,376,916	1,755,127	19,579	22,267
Total	1,464,973	1,862,788	19,579	22,267

(Note i) Included in non-current prepayments is a security deposit amounting to RM62,120,000 (2016: RM62,120,000) paid to a significant shareholder under the LLA dated 1 November 2011, which shall be set off towards any payment of the lease amount prior to expiry or sooner upon reclaration of land under the LLA and lease receivables which represent outstanding net present value of receipts under leasing arrangements amounting to RM11,328,000 (2016: RM14,004,000).

(Note ii) Included in trade receivables are cooking oil subsidy receivable from Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan of RM19,500,082 (2016: RM14,132,000). In previous financial year, cooking oil subsidy receivable from Malaysian Palm Oil Board was RM17,258,000.

(Note iii) Included in other receivables of the Group are deposit for CPO and sugar futures trading facilities amounting to RM119,084,000 (2016: RM115,445,000).

(Note iv) Included in current deposits of the Group are deposit for Provisional Pricing Agreement ("PPA") entered into with a supplier for precious metals for use in production amounting to RM24,774,000 (2016: Nil), deposits for purchases of CPO of the Group amounting to RM2,700,000 (2016: RM11,315,000) and deposits in relation to insurance facilities of the Group and of the Company amounting to RM5,868,000 (2016: RM9,868,000).

25 RECEIVABLES (CONTINUED)

The receivables are denominated as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- Ringgit Malaysia	968,142	1,095,923	19,579	22,267
- United States Dollar	457,900	687,562	-	-
- Indonesian Rupiah	8,880	58,283	-	-
- Chinese Yuen Renminbi	22,641	10,878	-	-
- Thai Baht	4,957	8,957	-	-
- Pakistan Rupee	1,410	843	-	-
- Singapore Dollars	229	320	-	-
- Great Britain Pound	327	22	-	-
- Others	487	-	-	-
	1,464,973	1,862,788	19,579	22,267

The credit terms of trade receivables are up to 90 days (2016: up to 90 days).

Past due but not impaired

As at 31 December 2017, RM455,895,000 (2016: RM417,978,000) of receivables of the Group were past due but not impaired. These relate to number of external parties where there is no expectation of default. The ageing and history of default analysis of these receivables are as follows:

Group	No history of default RM'000	History of default RM'000	New customers RM'000	Total RM'000
2017				
Less than 30 days past due	293,328	3,438	479	297,245
Between 30 and 60 days past due	67,639	485	57	68,181
Between 61 and 90 days past due	17,661	57	20	17,738
Between 91 days and 1 year past due	35,710	7,277	27	43,014
More than 1 year past due	29,687	30	-	29,717
At 31 December 2017	444,025	11,287	583	455,895

25 RECEIVABLES (CONTINUED)

Past due but not impaired (continued)

Group	No history of default RM'000	History of default RM'000	New customers RM'000	Total RM'000
2016				
Less than 30 days past due	263,456	1,337	14,758	279,551
Between 30 and 60 days past due	33,501	15,719	12,278	61,498
Between 61 and 90 days past due	16,744	5,389	4,568	26,701
Between 91 days and 1 year past due	12,927	12,709	9,501	35,137
More than 1 year past due	8,906	8	6,177	15,091
At 31 December 2016	335,534	35,162	47,282	417,978

As at 31 December 2017 and 31 December 2016, there are no receivables of the Company that were past due but not impaired.

Impaired and provided for

As at 31 December 2017, RM134,007,000 (2016: RM44,563,000) of receivables of the Group were impaired and provided for. The individually impaired receivables mainly relate to debtors that are having financial difficulties and have defaults on payments. In particular, the individually impaired receivables mainly relate to three downstream and refining customers experiencing unexpected economic difficulties and two trading customers who are unable to settle the agreed net trade settlement with the Group.

Movement of the Group's provision for impairment of receivables are as follows:

	Group	
	2017 RM'000	2016 RM'000
Trade receivables		
At 1 January	44,563	7,523
Charged to profit or loss	71,459	37,040
At 31 December	116,022	44,563
Deposits		
At 1 January	-	-
Charged to profit or loss	17,985	-
At 31 December	17,985	-
Total	134,007	44,563

25 RECEIVABLES (CONTINUED)

Impaired and provided for (continued)

Receivables balances (excluding prepayments and GST receivable) of RM845,028,000 (2016: RM1,231,719,000) and RM19,145,000 (2016: RM21,936,000) of the Group and of the Company are neither past due nor impaired as they have yet to exceed the credit period. These balances mainly relate to external parties with no recent history of default.

The credit quality of receivables excluding prepayments and GST receivable that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group 1	1,048	5,197	-	-
Group 2	843,980	1,171,019	19,145	21,936
Group 3	-	55,503	-	-
	845,028	1,231,719	19,145	21,936

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.
Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

The fair value of the receivables excluding the prepayments and GST receivable approximates their carrying values, as the impact of discounting is not significant.

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets				
Amounts due from:				
Joint venture	54,681	38,288	-	-
Provision for impairment	(27,740)	(17,374)	-	-
	26,941	20,914	-	-
Current assets				
Amounts due from:				
Significant shareholder	222,659	188,022	20	20
Subsidiaries	-	-	774,524	609,851
Joint ventures	472,938	524,429	-	-
Associate	-	214	-	-
Other related companies	149,033	174,869	230	216
	844,630	887,534	774,774	610,087
Provision for impairment:				
Significant shareholder	(7,270)	(5,491)	-	-
Other related companies	(2,244)	(2,244)	-	-
	(9,514)	(7,735)	-	-
	835,116	879,799	774,774	610,087
	862,057	900,713	774,774	610,087
Current liabilities				
Amounts due to:				
Significant shareholder	(483,166)	(399,190)	(16,985)	(6,568)
Subsidiaries	-	-	(84,346)	(18,302)
Associate	(37)	(167)	-	-
Joint ventures	-	(6)	-	-
Other related companies	(128,641)	(11,433)	(124)	(65)
	(611,844)	(410,796)	(101,455)	(24,935)

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(a) The amounts due from/(to) a significant shareholder, joint ventures, an associate and other related companies are unsecured, free of financial charges and have credit terms ranging from 15 to 120 days (2016: 15 to 120 days).

The amount due from/(to) subsidiaries are unsecured, interest rate ranging from 3.83% to 4.50% per annum (2016: 0.80% to 4.73% per annum) and have credit term of 30 to 180 days (2016: 30 to 180 days).

(b) The amounts due from/(to) a significant shareholder, subsidiaries, joint ventures, an associate and other related companies are denominated as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount due from a significant shareholder				
Ringgit Malaysia	215,389	182,531	20	20
Amounts due from subsidiaries				
Ringgit Malaysia	-	-	774,524	609,851
Amounts due from joint ventures				
Ringgit Malaysia	443,326	460,603	-	-
United States Dollar	56,553	84,740	-	-
	499,879	545,343	-	-
Amount due from an associate				
Ringgit Malaysia	-	214	-	-
Amounts due from other related companies				
Ringgit Malaysia	146,789	172,625	230	216
Total	862,057	900,713	774,774	610,087

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

(b) The amounts due from/(to) a significant shareholder, subsidiaries, joint ventures, an associate and other related companies are denominated as follows: (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount due to a significant shareholder				
Ringgit Malaysia	483,166	399,190	16,985	6,568
Amounts due to subsidiaries				
Ringgit Malaysia	-	-	84,346	18,302
Amount due to an associate				
Ringgit Malaysia	37	167	-	-
Amounts due to other related companies				
Ringgit Malaysia	128,623	11,421	124	65
United States Dollar	18	18	-	-
Total	611,844	410,796	101,455	24,935

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Amounts due from subsidiaries

	Company	
	2017 RM'000	**2016 RM'000**
At 1 January	609,851	186,233
Net movement during the financial year	732,571	424,560
Conversion into ordinary shares# (Note 21)	(567,898)	(942)
At 31 December	774,524	609,851
Analysed as:		
Current	774,524	609,851

2017

On 22 December 2017, the Company subscribed for 567,898,609 ordinary shares from Felda Global Ventures Plantations Sdn. Bhd. ("FGVP"), a wholly-owned subsidiary of the Company, by a conversion of an amount due from FGVP of RM567,898,000.

2016

In previous financial year, the Company subscribed for 225,000 ordinary shares of USD1.00 each from FGV Investment (L) Pte. Ltd. ("FGVI"), a wholly-owned subsidiary of the Company, by a conversion of an amount due from FGVI of USD225,000 equivalent to RM942,000.

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Past due but not impaired

As at 31 December 2017, RM533,248,000 (2016: RM287,356,000) of amounts due from a significant shareholder, joint ventures and other related companies and RM774,754,000 (2016: RM610,067,000) of amounts due from subsidiaries and amounts due from other related companies for the Group and the Company respectively were past due but not impaired. The ageing analysis of these balances is as follows:

Group	Less than 30 days past due RM'000	Between 30 and 60 days past due RM'000	Between 61 and 90 days past due RM'000	Between 91 days and 1 year past due RM'000	More than 1 year past due RM'000	Total RM'000
At 31 December 2017						
Amounts due from a significant shareholder	33,813	10,330	13,313	37,992	76,244	171,692
Amounts due from joint ventures*	276,605	27,819	6,110	1,215	30,097	341,846
Amounts due from other related companies	9,984	4,127	3,245	1,057	1,297	19,710
	320,402	42,276	22,668	40,264	107,638	533,248
At 31 December 2016						
Amount due from a significant shareholder	16,568	13,621	12,215	45,034	21,564	109,002
Amounts due from joint ventures*	3,000	-	-	4,800	20,914	28,714
Amounts due from other related companies	12,750	12,494	19,223	105,010	163	149,640
	32,318	26,115	31,438	154,844	42,641	287,356

* Included in the amounts due from joint ventures is an amount due of RM26,941,000 (2016: RM20,914,000), which is to fund the construction and working capital of a power plant. The amount will be repaid via the proceeds from a bank loan granted to the joint venture once the power plant is in operation, which is expected to be realised beyond 12 months from 31 December 2017.

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Past due but not impaired (continued)

Company	Less than 30 days past due RM'000	Between 30 and 60 days past due RM'000	Between 61 and 90 days past due RM'000	Between 91 days and 1 year past due RM'000	More than 1 year past due RM'000	Total RM'000
At 31 December 2017						
Amounts due from subsidiaries	129,028	17,084	3,348	41,536	583,528	774,524
Amounts due from other related companies	-	-	-	15	215	230
	129,028	17,084	3,348	41,551	583,743	774,754
At 31 December 2016						
Amounts due from subsidiaries	-	4,318	12,012	583,306	10,215	609,851
Amounts due from other related companies	-	-	-	203	13	216
	-	4,318	12,012	583,509	10,228	610,067

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Impaired and provided for

As at 31 December 2017, certain amounts due from a significant shareholder, subsidiaries, joint ventures and other related companies amounting to RM37,254,000 (2016: RM25,109,000) and RM4,717,000 (2016: RM4,717,000) of the Group and of the Company respectively were impaired and fully provided for.

The individually impaired amounts due from a significant shareholder, other related companies, joint ventures and subsidiaries mainly relate to debtors that are having financial difficulties and have defaults on payments. The individually impaired amounts due from joint ventures relate to expected collection shortfall from a power plant operating joint venture arising from its delay in achieving its required plant capacity factor.

Movement of the provision for impairment of amount due from is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount due from a significant shareholder				
At 1 January	5,491	5,491	2,308	2,308
Charged to profit or loss	1,779	-	-	-
At 31 December	7,270	5,491	2,308	2,308
Amounts due from other related companies				
At 1 January/31 December	2,244	2,244	1,725	1,725
Amounts due from joint ventures				
At 1 January	17,374	3,481	-	-
Charged to profit or loss	10,366	13,893	-	-
At 31 December	27,740	17,374	-	-
Amounts due from subsidiaries				
At 1 January/31 December	-	-	684	684
Total	37,254	25,109	4,717	4,717

26 AMOUNTS DUE FROM/(TO) A SIGNIFICANT SHAREHOLDER, SUBSIDIARIES, JOINT VENTURES, AN ASSOCIATE AND OTHER RELATED COMPANIES (CONTINUED)

Amounts due from a significant shareholder, joint ventures, an associate and other related companies of RM328,809,000 (2016: RM613,357,000) of the Group and amounts due from subsidiaries and other related companies of RM20,000 (2016: RM20,000) of the Company are neither past due nor impaired as they have yet to exceed the credit period.

The credit quality of related companies that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amounts due from a significant shareholder				
Group 2	43,697	73,529	20	20
Amounts due from joint ventures				
Group 2	158,033	516,629	-	-
Amounts due from an associate				
Group 2	-	214	-	-
Amounts due from other related companies				
Group 2	127,079	22,985	-	-
Total unimpaired amounts from related parties	328,809	613,357	20	20

Group 1 - new related parties (less than 6 months)
Group 2 - existing related parties (more than 6 months) with no defaults in the past.
Group 3 - existing related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

The fair values of the amounts due from/(to) a significant shareholder, subsidiaries, joint ventures, an associate and other related companies approximate their respective carrying values, as the impact of discounting is not significant.

27 BIOLOGICAL ASSETS

Group	Forest RM'000	Livestock RM'000	Total RM'000
Net book value			
2017			
At 1 January	28,707	337	29,044
Additions	832	-	832
Amortisation	-	(93)	(93)
Write offs	(5,815)	(37)	(5,852)
At 31 December	23,724	207	23,931
2016			
At 1 January	28,579	533	29,112
Additions	128	-	128
Amortisation	-	(128)	(128)
Write offs	-	(68)	(68)
At 31 December	28,707	337	29,044

28 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group	2017 RM'000	2016 RM'000
At 1 January	314,241	314,861
Additions	72,263	5,611
Disposals	(214,786)	-
Liquidation of a subsidiary	-	(1,613)
Transfer from fair value through profit or loss (Note 32)	104	-
Fair value changes transferred to available-for-sale reserve	(7,397)	(4,618)
Foreign exchange difference	(139)	-
At 31 December	164,286	314,241
Analysed as:		
Non-current	157,877	154,810
Current	6,409	159,431
	164,286	314,241

The significant disposal during the financial year includes the disposal of the 16% equity interest in AXA Affin General Insurance Berhad ("AXA Affin") by an indirect subsidiary, Felda Marketing Services Sdn. Bhd. The interest in AXA Affin was disposed off on 21 December 2017 for a net consideration of RM198.9 million, resulting in a gain on disposal of RM73.2 million to the Group, including transfer of available-for-sale reserve of RM33.7 million upon disposal.

Available-for-sale financial assets comprise the following:

	2017 RM'000	2016 RM'000
Quoted equity securities:		
- In Malaysia	71,004	66,699
- Outside Malaysia	6,409	-
Unquoted equity securities:		
- In Malaysia	86,873	247,542
	164,286	314,241

28 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets are denominated in the following currencies:

	2017 RM'000	2016 RM'000
- Ringgit Malaysia	157,877	314,241
- Chinese Yuan Renminbi	6,409	-
	164,286	314,241

The fair values of unquoted securities are based on the average of price-to-book or price earnings ratio of similar equities in the market and is a Level 3 fair value computation (Note 4(c)).

29 LOANS DUE FROM JOINT VENTURES

	Group	
	2017 RM'000	2016 RM'000
At 1 January	54,222	-
Addition	22,510	54,222
Currency translation differences	(5,301)	-
At 31 December	71,431	54,222
The loans are denominated as follows:		
- Ringgit Malaysia	22,510	-
- United States Dollar	48,921	54,222
	71,431	54,222

Loans due from joint ventures are unsecured and have financing terms of 180 days with interest rate of 4.96% per annum (2016: 180 days with interest rate of 4.73% per annum).

Past due but not impaired

As at 31 December 2017 and 31 December 2016, there are no loans due from joint ventures that were neither past due nor impaired.

Impaired and provided for

As at 31 December 2017, there were no loans due from joint ventures impaired and provided for (2016: Nil).

29 LOANS DUE FROM JOINT VENTURES (CONTINUED)

The credit quality of the loans due from joint ventures that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Group	
	2017 RM'000	2016 RM'000
Group 1	-	54,222
Group 2	71,431	-
	71,431	54,222

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.
Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

The carrying amount and fair value of the loans due from joint ventures are as follows:

	Group			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans due from joint ventures	71,431	54,222	71,446	54,222

The fair value of loans due from joint ventures is based on cash flows discounted using a rate based on the borrowing rate of 4.96% (2016: 4.73%). The fair value of the loans due from joint ventures is a Level 2 computation.

30 INVENTORIES

Group	2017 RM'000	2016 RM'000
- Finished goods	1,125,485	886,277
- Raw materials	732,933	1,134,768
- Work in progress	78,150	55,058
- Chemicals	40,971	51,852
- Stores, consumables and replaceable products	149,354	61,300
	2,126,893	2,189,255

31 LOANS DUE FROM SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
At 1 January	206,013	1,062
Addition	-	204,951
Repayment	(202,349)	-
At 31 December	3,664	206,013
The loans are denominated as follows:		
- Ringgit Malaysia	2,602	204,951
- Great Britain Pound	1,062	1,062
	3,664	206,013

Financing terms of short term loans due from subsidiaries are between 30 to 180 days (2016: 30 to 180 days) with interest ranging from 0.15% to 4.50% per annum (2016: 0.80% to 4.73% per annum).

Past due but not impaired

The short term loans due from subsidiaries as at 31 December 2017 are neither past due nor impaired as they are yet to exceed the credit period.

Impaired and provided for

As at 31 December 2017, there were no short term loans due from subsidiaries impaired and provided for (2016: Nil).

The credit quality of the short term loans due from subsidiaries that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Company	
	2017 RM'000	2016 RM'000
Group 2	3,664	206,013

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.
Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

The fair value of the short term loans due from subsidiaries approximates their carrying value, as the impact of discounting is not significant.

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2017 RM'000	2016 RM'000
At 1 January	58,322	65,905
(Disposals)/additions (net)	(4,415)	601
Liquidation of a subsidiary	-	(239)
Write offs	-	(6,433)
Fair value gains/(losses) charged to profit or loss (Note 9)	2,735	(1,106)
Transfer to available-for-sale financial assets (Note 28)	(104)	-
Currency translation differences	(7,217)	(406)
As at 31 December	49,321	58,322
Quoted investments:		
In Malaysia	3,613	3,460
Outside Malaysia	45,708	54,862
	49,321	58,322

Financial assets at fair value through profit or loss are denominated in the following currencies:

	2017 RM'000	2016 RM'000
- Ringgit Malaysia	3,613	3,460
- Australian Dollar	4,623	1,866
- Pakistan Rupee	41,085	52,892
- Chinese Yuen Renminbi	-	104
	49,321	58,322

The fair value of all equity securities is based on their quoted bid prices in an active market.

33 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group					
	2017			2016		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Non-current						
Islamic profit rate swap	317,380	717	-	-	-	-
Current						
Foreign currency forward contracts	407,996	6,875	497	879,597	80	19,237
Oil palm futures contracts	61,432	-	542	379,114	5,409	197
	469,428	6,875	1,039	1,258,711	5,489	19,434
	786,808	7,592	1,039	1,258,711	5,489	19,434

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss except for Islamic profit rate swap which is used for cash flow hedge.

The notional amount of contracts outstanding are as follows:

	2017	2016
Foreign currency forward contracts	USD90,989,199	USD199,755,226
Palm oil futures contracts	24,250 MT	123,475 MT

34 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits in:				
- Licensed banks	1,182,545	861,168	11,609	38,118
- Licensed financial institutions	144,155	450,658	29,230	36,367
	1,326,700	1,311,826	40,839	74,485
Cash and bank balances	413,958	542,228	7,033	4,712
Deposits, cash and bank balances	1,740,658	1,854,054	47,872	79,197
Less: Restricted cash	(47,340)	-	-	-
Cash and cash equivalents	1,693,318	1,845,054	47,872	79,197

34 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

Restricted cash of RM47,340,000 (2016: Nil) relates to cash pledged in order to obtain certain bank facilities.

The credit rating profiles of banks in which the fixed deposits have been placed are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- AAA	942,668	948,075	35,910	58,649
- AA-	1,000	1,000	-	-
- AA2	83,365	268,318	-	15,836
- AA3	5,925	879	-	-
- A2	254,249	49,178	4,929	-
- Others*	39,493	44,376	-	-
	1,326,700	1,311,826	40,839	74,485

* Others comprises of funds which are invested in Government approved financial institutions regulated by the Bank Negara of Malaysia.

The fixed deposits, cash and bank balances are denominated as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	1,535,172	1,624,564	35,412	41,583
United States Dollar	174,474	171,302	-	-
Canadian Dollar	12,399	37,585	12,399	37,585
Indonesian Rupiah	9,910	9,073	-	-
Pakistan Rupees	2,338	3,642	-	-
Great Britain Pound	184	91	61	29
Others	6,181	7,797	-	-
	1,740,658	1,854,054	47,872	79,197

34 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The weighted average finance rates (per annum) of fixed deposits and bank balances that were effective at the financial year end were as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
- Licensed banks	2.94	3.01	0.53	0.25
- Licensed financial institutions	3.43	3.35	3.53	3.42

Fixed deposits as at 31 December 2017 for the Group and for the Company have average maturity periods of 60 days (2016: 90 days) and 30 days (2016: 30 days) respectively. Cash and bank balances are deposits held at call with banks.

35 ASSETS HELD FOR SALE

The details of assets held for sale are as follows:

	Group	
	2017 RM'000	2016 RM'000
Assets		
Property, plant and equipment	21,126	21,936
Intangible assets	48,905	22,772
Receivables	754	1,393
Deposits, cash and bank balances	1,454	2,031
Assets held for sale	72,239	48,132
Liabilities		
Payables	954	1,076
Deferred tax liabilities	21,524	4,521
Liabilities related to assets held for sale	22,478	5,597

In previous financial year, assets held for sale with carrying value of RM4,121,000 had been disposed off for a total consideration of RM5,535,000, resulting in a gain on disposal of RM1,414,000.

In previous financial year, the Board of the Company had approved a proposed divestment of the 70% equity interest in FGV Cambridge Nanosystems Limited ("FGV CNS"), an indirect subsidiary of the Company which is expected to be completed in 2018.

36 SHARE CAPITAL

	Group and Company			
	2017 Number of shares	**2016 Number of shares**	**2017 RM'000**	**2016 RM'000**
Authorised share capital:				
Ordinary shares of RM1 per share	-	4,000,000	-	4,000,000
Issued and fully paid up:				
Ordinary shares				
At 1 January	3,648,152	3,648,152	3,648,152	3,648,152
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016 (Notes 37, 41)	-	-	3,381,737	-
At 31 December – ordinary shares with no par value (2016: par value of RM1 per share)	3,648,152	3,648,152	7,029,889	3,648,152
Special share				
At 1 January/31 December	#	#	#	#

Relating 1 unit special shares held by Minister of Finance of RM1

The Companies Act 2016 ("2016 Act") which came into effect on 31 January 2017 has repealed the Companies Act, 1965. The 2016 Act has abolished the concept of authorised share capital and par or nominal value of shares and hence, the share premium, capital redemption reserve and authorised capital are abolished. In accordance with section 618(2) of the 2016 Act, any amounts standing to the credit of the Company's share premium account and capital redemption reserve of RM3,371,685,000 and RM10,052,000 respectively become part of the Company's share capital upon commencement of the 2016 Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The special share held by the Minister of Finance (Incorporated) has the following characteristics:

(a) The Special Share may be held only by or transferred only to the Minister of Finance (Incorporated) or its successor or any Minister, representative or any person authorised by the Government of Malaysia to act on its behalf.

(b) The Special Shareholder shall have the right from time to time to appoint any existing Director to be a Government Appointed Director so that there shall not be more than three (3) Government Appointed Director at any one time and such Government Appointed Directors shall hold the position of the Chairman of the Board of Directors, Managing Director/Chief Executive Officer and one (1) Director.

36 SHARE CAPITAL (CONTINUED)

The special share held by the Minister of Finance (Incorporated) has the following characteristics: (continued)

(c) The Special Shareholder or any person acting on behalf of the Special Shareholder shall be entitled to receive notice of and to attend and speak at all general meetings or any other meeting of any class or shareholders of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.

(d) The Special Shareholder may, subject to the provisions of the Acts, require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.

(e) In a distribution of capital in a winding up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other Member. The Special Share shall confer no other right to participate in the capital or profits of the Company.

37 SHARE PREMIUM

	Group and Company	
	2017 RM'000	2016 RM'000
At 1 January	3,371,685	3,371,685
Transition to no-par value regime on 31 January 2017 under the 2016 Act (Note 36)	(3,371,685)	-
At 31 December	-	3,371,685

Share premium was recognised in conjunction with the listing of the Company's shares on Main Market of Bursa Malaysia Securities Berhad. Share premium was not available for distribution as cash dividends. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the 2016 Act, on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital (Note 36).

38 TREASURY SHARES

During the financial year, the Company purchased 5,261,100 (2016: 859,800) of its issued ordinary shares listed on the Main Market of Bursa Malaysia Securities Berhad from the open market at an average price of approximately RM1.62 per share (2016: RM1.73 per share). The total consideration paid was RM8,588,000 (2016: RM1,488,000) including transaction costs of RM30,348 (2016: RM1,690). The purchase transactions were financed by internally generated funds. The shares purchased are retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year. In the current financial year, 5,289,500 (2016: Nil) of its treasury shares of RM8,592,000 (2016: Nil) vested to the employees and employees of the subsidiaries within the Group as part of equity settled share based compensation plan (Note 41).

39 FOREIGN EXCHANGE RESERVE

The foreign exchange reserve is used to record exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It also represents the share of foreign exchange differences in the cumulative net investment of foreign associates and joint ventures.

40 REORGANISATION RESERVE

The reorganisation reserve represents the difference between the fair value of the purchase consideration and carrying value of the net assets acquired arising from the acquisition of plantation estates.

41 OTHER RESERVES

Group	Available-for-sale-reserve RM'000	Capital redemption reserve RM'000	LTIP reserve RM'000	Cash flow hedge reserve RM'000	Total RM'000
2017					
At 1 January 2017	4,267	10,052	429	-	14,748
Transition to par value regime on 31 January 2017 under Companies Act 2016	-	(10,052)	-	-	(10,052)
Fair value changes	(7,609)	-	-	-	(7,609)
Transfer of reserve on derecognition of available-for-sale financial assets	(2,893)	-	-	-	(2,893)
Cash flow hedges	-	-	-	366	366
Employee share grant	-	-	8,579	-	8,579
Transfer from treasury shares	-	-	(8,592)	-	(8,592)
At 31 December 2017	(6,235)	-	416	366	(5,453)
2016					
At 1 January 2016	8,885	10,052	-	-	18,937
Fair value charge	(4,618)	-	-	-	(4,618)
Employee share grant	-	-	429	-	429
At 31 December 2016	4,267	10,052	429	-	14,748

41 OTHER RESERVES (CONTINUED)

Company	Capital redemption reserve RM'000	LTIP reserve RM'000	Total RM'000
2017			
At 1 January 2017	10,052	429	10,481
Transfer to par value regime on 31 January 2017 under Companies Act 2016	(10,052)	-	(10,052)
Employee share grant	-	2,425	2,425
Recharge to subsidiaries	-	6,154	6,154
Transfer from treasury shares	-	(8,592)	(8,592)
At 31 December 2017	-	416	416
2016			
At 1 January 2016	10,052	-	10,052
Employee share grant	-	215	215
Recharge to subsidiaries	-	214	214
At 31 December 2016	10,052	429	10,481

Available-for-sale reserve

Available-for-sale reserve includes the Group's share of available-for-sale reserves of joint ventures and associates.

Capital redemption reserve

Capital redemption reserve in prior financial year related to reserve created upon redemption of RCPS/RCCPS as required by Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the 2016 Act, on 31 January 2017 any amount standing to the credit of the Company's capital redemption reserve has become part of the Company's share capital (Note 36).

Long Term Incentive Plan ("LTIP") reserve

LTIP reserve relates to reserve created from the corresponding increase in equity from expenses recognised in profit or loss over the vesting period of the equity-settled share based compensation plan for the Group's employees as disclosed in Note 52 to the financial statements.

Cash flow hedge reserve

The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps which are designated in cash flow hedge relationships. To the extent this hedge is effective, the change in fair value of the hedge instrument is recognised in the cash flow hedge reserve. The gain or loss relating to the effective portion of the interest rate swaps is reclassified to profit or loss and recognising within 'finance cost'.

42 BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Secured:				
Short term trade financing	34,700	41,694	-	-
Islamic term loans	80,158	-	-	-
Term loans	375	558	-	-
Finance lease liabilities	-	1,186	-	-
Unsecured:				
Islamic short term trade financing	2,572,665	3,290,323	-	540,900
Short term trade financing	687,359	356,300	-	-
Islamic term loans	1,665	1,665	-	-
Finance lease liabilities	-	414	-	-
	3,376,922	3,692,140	-	540,900
Non-current				
Secured:				
Islamic term loans	725,873	189,867	-	-
Term loans	653	468	-	-
Finance lease liabilities	-	823	-	-
Unsecured:				
Islamic term loans	6,708	7,834	-	-
	733,234	198,992	-	-
Total borrowings				
Islamic short term trade financing	2,572,665	3,290,323	-	540,900
Short term trade financing	722,059	397,994	-	-
Islamic term loans	814,404	199,366	-	-
Term loans	1,028	1,026	-	-
Finance lease liabilities	-	2,423	-	-
	4,110,156	3,891,132	-	540,900
Less: Repayable after more than one year	(733,234)	(198,992)	-	-
	3,376,922	3,692,140	-	540,900

42 BORROWINGS (CONTINUED)

The maturity profile of borrowings are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Less than 1 year	3,376,922	3,692,140	-	540,900
Between 1 and 5 years	607,212	198,992	-	-
More than 5 years	126,022	-	-	-
	4,110,156	3,891,132	-	540,900

The borrowings are denominated as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- Ringgit Malaysia	3,446,512	2,920,571	-	540,900
- United States Dollar	596,236	904,213	-	-
- Great Britain Pound	60,114	54,253	-	-
- Thai Baht	4,205	9,006	-	-
- Singapore Dollar	3,089	3,089	-	-
	4,110,156	3,891,132	-	540,900

42 BORROWINGS (CONTINUED)

Effective finance rates for borrowings are as follows:

	Group		Company	
	Finance rate	Effective finance rate at date of statement of financial position per annum %	Finance rate	Effective finance rate at date of statement of financial position per annum %
2017				
Islamic short term trade financing	Fixed/Floating	0.78 - 3.96	-	-
Short term trade financing	Fixed	3.09 - 7.12	-	-
Islamic term loans	Floating	5.27 - 6.00	-	-
Term loans	Floating	3.79 - 4.37	-	-
2016				
Islamic short term trade financing	Fixed/Floating	0.60 - 4.20	Floating	3.96 - 4.20
Short term trade financing	Fixed	3.09 - 4.23	-	-
Islamic term loans	Floating	3.09 - 4.23	-	-
Term loans	Floating	3.79 - 4.37	-	-
Finance lease liabilities	Fixed	4.05 - 5.41	-	-

The secured term loans consists of the followings:

(i) RM1,028,000 (2016: RM1,026,000) term loans repayable over periods ranging between six to seven years commencing from 2016 to 2017 up to 2019 to 2022 and is secured over certain leasehold lands of the Group.

(ii) RM806,031,000 (2016: RM189,867,000) Islamic term loans is secured against a leasehold land, debenture and certain bank balances of the Group.

The secured short term trade financing consists of the followings:

(i) RM34,700,000 (2016: RM41,694,000) 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.

42 BORROWINGS (CONTINUED)

During the financial year, MSM Malaysia Holdings Berhad ("MSMH"), an indirect subsidiary of the Company, was not in compliance to certain financial covenants for its Islamic term loans amounting to RM404,742,000. However, letter of indulgence dated 3 November 2017 was received from facility agent allowing the compliance to financial covenants to be deferred until 31 December 2018 and that the financial covenants will be required to be met for the 12 month period ending 31 December 2019 and all times thereafter but subject to the following conditions:

a) No dividend declaration and/or payment by MSMH without prior written consent from the financier until the financial covenants are complied with;
b) Letter of undertaking ("LOU") from the Company to complete the construction of the new sugar refinery in Johor by Quarter 2 2018; and
c) MSMH's ability to perform all obligations under and comply with all terms and conditions governing the facilities.

As at 31 December 2017, MSMH met all the conditions stipulated in the letter of indulgence and therefore, the deferral of financial covenants continue to be effective.

The carrying amounts and fair value of the total borrowings are as follows:

	Group			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Islamic short term trade financing	2,572,665	3,290,323	2,572,665	3,290,323
Short term trade financing	722,059	397,994	722,059	397,994
Islamic term loans	814,404	199,366	814,404	199,366
Term loans	1,028	1,026	1,028	1,026
Finance lease liabilities	-	2,423	-	2,423
Total	4,110,156	3,891,132	4,110,156	3,891,132

	Company			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Islamic short term trade financing	-	540,900	-	540,900

43 LOANS DUE TO A SIGNIFICANT SHAREHOLDER

	Group and Company	
	2017 RM'000	2016 RM'000
Unsecured:		
- Non-current	1,222,765	1,475,799
- Current	164,551	213,206
	1,387,316	1,689,005

An early settlement of RM120,000,000 loans due to a significant shareholder was made during the financial year (2016: no early settlement).

The loans are denominated as follows:

	Group and Company	
	2017 RM'000	2016 RM'000
- Ringgit Malaysia	1,387,316	1,689,005

Effective finance rate for the loans is as follows:

	Group and Company			
	2017		2016	
	Finance rate	Effective finance rate at date of statement of financial position per annum %	Finance rate	Effective finance rate at date of statement of financial position per annum %
Loans due to a significant shareholder	Fixed	4.911	Fixed	4.911

43 LOANS DUE TO A SIGNIFICANT SHAREHOLDER (CONTINUED)

The carrying amount and fair value of the loans due to a significant shareholder are as follows:

	Group and Company			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans due to a significant shareholder	1,387,316	1,689,005	1,385,888	1,702,544

The fair value of loans due to a significant shareholder is based on cash flows discounted using a rate based on the borrowing rate of 4.98% (2016: 4.66%). The fair value of the loans due to a significant shareholder is a Level 2 computation.

Cash flows and non-cash changes arising from loans due to a significant shareholder financing activities are disclosed in statements of cash flows.

44 LOANS DUE TO SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unsecured:		
- Non-current	667,669	252,109
- Current	435,090	48,896
	1,102,759	301,005
The loans are denominated as follows:		
- Ringgit Malaysia	1,074,706	272,110
- Canadian Dollar	28,053	28,895
	1,102,759	301,005

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44 LOANS DUE TO SUBSIDIARIES (CONTINUED)

Effective finance rate for the loans is as follows:

	Company			
	2017		2016	
	Finance rate	Effective finance rate at date of statement of financial position per annum %	Finance rate	Effective finance rate at date of statement of financial position per annum %
Loans due to subsidiaries	Fixed/Floating	2.23 – 5.54	Fixed/Floating	2.23 – 5.40

The carrying amount and fair value of the loans due to subsidiaries are as follows:

	Company			
	Carrying amount		Fair value	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans due to subsidiaries	1,102,759	301,005	1,102,692	297,868

The fair value of loans due to subsidiaries is based on cash flows discounted using a rate based on the borrowing rate of 4.13% - 5.28% (2016: 3.84%). The fair value of the loans due to subsidiaries is a Level 2 computation.

Cash flows and non-cash changes arising from loans due to subsidiaries financing activities are disclosed in statements of cash flows.

45 LAND LEASE AGREEMENT ("LLA") LIABILITY

The land lease agreement liability is calculated based on the terms set out in the various agreements as follows:

(i) Land Lease Agreement ("LLA")

The Company entered into an agreement with FELDA on 1 November 2011 to lease for a period of 99 years; (i) land with individual land titles issued to FELDA as the registered owner; (ii) existing land granted to FELDA for development but where individual land titles have not been issued to FELDA; and (iii) other land to be alienated or to be acquired by FELDA in the future.

FELDA may terminate lease on certain land as follows:

(a) Land with minerals, as the rights for minerals are excluded from the lease;
(b) Acquisition or intended acquisition under the Land Acquisition Act, 1960 ("LAA"), notice of reclamation by the relevant authority or such other notice of a similar nature issued pursuant to any legislation of Malaysia.

In the event of termination, FELDA will provide a notice period ranging from 10 days – 18 months, depending on the size of the land and circumstances of the reclamation.

Upon reclamation, compensation will be receivable from FELDA by the Group for the loss of expected future profits in respect of the land, calculated based on the average profit per hectare and the age profile of the applicable biological assets given up.

For land reclaimed by FELDA on behalf of third parties under Tenancy Agreement dated on 21 January 2012, no compensation will be receivable by the Company.

(ii) LLA Addendum

On 2 January 2012, the Company entered into an addendum to LLA ("LLA Addendum") to acquire certain assets and liabilities other than biological assets of the plantation estates owned by FELDA for a purchase consideration equivalent to the carrying values of the assets and liabilities acquired as at 31 December 2011 amounting to RM54,690,000, removing the requirement for consents from State Authority prior to commencement of LLA and amending the definition of categories of assets requiring to be maintained by the Company. As a result, the LLA commenced on 1 January 2012.

(iii) Novation Agreement

On 6 January 2012, as part of its restructuring process, FELDA, the Company and Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM"), a subsidiary of the Company had entered into a novation agreement whereby all benefits, rights, title, interest, obligations, undertakings, covenants and liabilities of the Company under the LLA and LLA Addendum shall be transferred by the Company to FGVPM from 1 January 2012 and FELDA has consented to the transfer of all of the Company's benefits, rights, title, interest, obligations, undertakings, covenants and liabilities to FGVPM subject to the terms and conditions of the novation agreement.

45 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The land lease agreement is calculated based on the terms set out in the various agreements as follows: (continued)

(iv) Tenancy Agreements

On 6 January 2012, FELDA and FGVPM entered into a tenancy agreement in respect of the LLA of which this tenancy shall be for an initial period of three years and upon expiry of the three year period, FGVPM shall have the option to renew the tenancy for further terms of three years each up to a total duration of 99 years unless terminated in accordance with the provisions of the LLA. The option to renew shall be exercisable by written notice, or by conduct of the parties allowing continued enjoyment of rights of the Land by FGVPM under the agreement. In the event that the Approvals for any part of the Land are obtained from time to time or individual land titles are issued by the state authorities for any part of the Additional Existing Land and the Approvals are obtained, the parties will proceed to register the lease in accordance with the LLA, and thereafter the Approved Land shall be excluded from this agreement and the tenancy therein and shall fall under the lease in the LLA.

On 21 January 2012, FELDA and FGVPM entered into a tenancy agreement in respect of certain plantation land which are vested in FELDA. This tenancy shall commence on 1 January 2012 and shall be for an initial period of three years. Upon expiry of the initial tenancy agreement's three years term, FGVPM shall have the option to renew the tenancy for further terms of three years each up to a total duration of 99 years unless terminated in accordance with the provisions of the LLA and at an agreed consideration which reflects the Lease Consideration in accordance with the LLA. In the event FELDA losses rights to these land, no compensation is payable to FGVPM.

(v) Management Agreement

On 21 May 2012, the Tenancy Agreement dated 6 January 2012 was supplemented by an addendum, whereby both FELDA and FGVPM acknowledged that as at 1 January 2012, FGVPM has yet to be deemed or recognised as native in respect of the lands in Sarawak to the Sarawak Land Code. Both FELDA and FGVPM agree to exclude all the Sarawak Land from the Tenancy Agreement and the LLA. Both FELDA and FGVPM agree that no lease consideration shall be deemed payable in respect of these Sarawak Land for the tenancy for the period commencing from 1 January 2012 until FGVPM has duly obtained the status of native, all Approvals have been obtained and upon registration of the lease in accordance with the Sarawak Land Code. Upon fulfilment of the aforementioned conditions, the Sarawak Lands will be included as part of the Remaining Existing Lands and the terms of the Land Lease Agreement shall be applicable in respect thereof and the accounting application shall remain the same as per LLA.

In the event the land or any part thereof at any time become affected by any notice by acquisition under Land Acquisition Act, 1960, the lessor may not be compensated for the termination costs.

45 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The land lease agreement is calculated based on the terms set out in the various agreements as follows: (continued)

(vi) Clarification Letter

On 17 July 2015, FELDA and FGVPM agreed upon the clarification of several terms within the LLA and its ancillary agreements, as follows:

- Maintenance costs of utilities on the lands managed by FELDA in Sahabat shall be charged to FGVPM;

- The refund of the security deposit paid by the company in respect of the LLA (Note 25) shall be by way of set-off towards any payment of the lease amount prior to expiry or sooner determination of the LLA; and

- The agreed formula to compute the Implied Revenue with respect to calculating the average fresh fruit bunches ("FFB") price used by FGVPM in the preparation of the statement of plantation operating profit is now clarified via a detailed formula and accompanying assumptions

The leased land consists of planted oil palm and rubber areas. Based on the agreed leased area, the annual fixed lease amount payable is estimated to be RM244,164,000 (2016: RM264,227,000) per annum together with 15% (2016: 15%) of yearly plantation operating profit attributable to the land.

	2017 RM'000	2016 RM'000
Non-current	4,067,794	4,125,032
Current	325,486	282,532
	4,393,280	4,407,564
Movement in LLA liability is as follows:		
At 1 January	4,407,564	4,627,195
Fair value changes charged to profit or loss (Note 9)	292,845	68,275
Repayment during the financial year	(307,129)	(287,906)
At 31 December	4,393,280	4,407,564

Fair value of the LLA liability has been measured using a discounted cash flow calculation using cash flow projections based on financial budgets approved by the Directors covering 94 years.

In previous financial year, the cash flow projections model for the valuation of the LLA liability have been updated, taking into consideration factors including the long term growth trend to reflect impact of replanting periods on yield and production, decisions made by management to withdraw from converting palm to rubber for certain areas, changes in replanting hectarage and changes in region concentration mixture according to the updated approved business plans of the Group. The change in estimates had resulted in a reversal of LLA liability of RM335,300,000 in previous financial year.

45 LAND LEASE AGREEMENT ("LLA") LIABILITY (CONTINUED)

The key assumptions used to compute the fair value of the LLA liability are as follows:

(i)	Discount rate	9.47% (2016: 9.47%) based on discount rates applied by relevant comparable companies
(ii)	CPO price	RM2,500/MT to RM2,600/MT (2016: RM2,450/MT to RM2,700/MT)
(iii)	PK price	RM1,752/MT to RM2,300/MT (2016 : RM1,752/MT to RM2,900/MT)
(iv)	Average FFB Yield	17.3 MT/ha to 27.1 MT/ha (2016: 16.9 MT/ha to 27.1 MT/ha)
(v)	Mature estate cost	RM3,127 per hectare to RM3,565 per hectare (2016: RM3,028 per hectare to RM3,565 per hectare)
(vi)	Immature estate cost	RM3,782 per hectare to RM4,268 per hectare (2016: RM3,782 per hectare to RM4,175 per hectare)
(vii)	Lease term	Extension of lease term to 99 years (2016: 99 years) will be obtained for all land in the plantation estates

The sensitivity of the LLA liability to changes in key assumptions is as follows:

Key assumptions	Change in assumption	Impact on LLA liability
(i) Discount rate	Increase by 0.5% Decrease by 0.5%	Decrease by RM240.2 million Increase by RM149.8 million
(ii) CPO price	Increase by RM100 per metric tonne Decrease by RM100 per metric tonne	Increase by RM151.9 million Decrease by RM156.3 million
(iii) PK price	Increase/decrease by RM100 per metric tonne	Increase/decrease by RM39.6 million
(iv) Improvement/reduction in FFB yield	Increase/decrease by 1%	Increase/decrease by RM32.1 million
(v) Mature estate cost	Increase/decrease by 5%	Decrease/increase by RM106.5 million
(vi) Immature estate cost	Increase/decrease by 5%	Decrease/increase by RM23.2 million

46 PROVISION FOR ASSET RETIREMENT

	Group	
	2017 RM'000	2016 RM'000
At 1 January	32,847	32,916
Unwinding of discount	1,385	623
Payment made during the financial year	(29)	(62)
Reversal of provision during		
the financial year	-	(1,000)
Currency translation differences	(830)	370
At 31 December	33,373	32,847
Less: payable within 12 months	(648)	(718)
Non-current	32,725	32,129

Provision for asset retirement relates to the Group's fatty acids manufacturing facility in USA and mills in Malaysia. The asset retirement obligation is computed based on detailed estimates, adjusted for inflation, escalated to the estimated spending dates, and then discounted using an average credit adjusted risk-free interest rate of which represents management's best estimate of the liability. Actual costs to be incurred in future periods may vary from estimates, given the inherent uncertainties in evaluating certain exposures subject to the imprecision in estimating the asset retirement obligation.

47 PROVISION FOR DEFINED BENEFIT PLAN

The Group operates defined benefit retirement plans in Malaysia, Thailand and Indonesia for all eligible employees. All of the plans are lump sum payments depend on members' length of service and their salary in the final years leading up to retirement. As the retirement benefit plans are unfunded, the Group meets the defined benefit payment obligations as they falls due.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
- Retirement benefit scheme	60,674	50,325	1,834	1,516
- Housing assistance scheme	19,266	17,569	-	-
- Long service award	7,828	4,013	184	67
	87,768	71,907	2,018	1,583

The retirement benefit scheme is a final salary defined benefit plan with a guaranteed lump sum payment at retirement, which remains open to new entrants. The housing assistance scheme is a final salary defined benefit plan with a guaranteed lump sum payment at retirement or at an earlier exit through ill-health retirement or death-in-service in Malaysia, which remains open to new entrants. The long service award is for eligible employees that have served the Group for 25 years in Malaysia.

47 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The Group follows the Malaysian Minimum Retirement Age Act 2012 whereby the benefit shall be paid at age of 60 for retirement scheme in Malaysia. However, the normal retirement age for the housing assistance scheme will remain at age 56 which will be payable at attainment of 56 years old, regardless of whether employees continue employment until the minimum retirement age of 60 years old. There will be no benefits payable for services rendered from age 55 to 60.

The defined benefit plan for Indonesian subsidiary is described under Indonesian Labour Law No.13/2003 and the Thailand subsidiary is under the Legal Severance Plan where the companies are required to pay legal severance payments to employees who leave employment at their retirement age, or are terminated by the companies without reason.

The movements during the financial year in the amounts recognised in the statement of financial position of the Group and Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Present value of unfunded obligation:				
At 1 January	71,907	46,034	1,583	621
Charge to profit or loss	11,523	18,115	287	648
Benefits paid	(3,500)	(2,002)	(20)	(30)
Re-measurement	8,109	9,788	168	344
Currency translation difference	(271)	(28)	-	-
At 31 December	87,768	71,907	2,018	1,583

The remeasurement amounts recognised in the other comprehensive income are determined as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Re-measurement:				
- Changes in financial assumptions	822	656	16	25
- Experience adjustments	7,287	9,132	152	319
	8,109	9,788	168	344

47 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current service cost	4,115	4,867	93	86
Finance cost	3,812	2,378	86	33
Past service cost	3,596	10,870	108	529
Expense recognised in profit or loss	11,523	18,115	287	648

The defined benefit obligations for the Group by country are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Present value of obligation:				
- Malaysia	84,101	68,165	2,018	1,583
- Indonesia	2,877	2,829	-	-
- Thailand	790	913	-	-
	87,768	71,907	2,018	1,583

The principal actuarial assumptions used in respect of the Group's and the Company's unfunded defined retirement benefits are as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Discount rate	5.30	5.40	5.30	5.40
Expected rate of salary increase	5.00	5.00	5.00	5.00

47 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The sensitivity of the defined benefit obligation of the Group to changes in the weighted principal assumption is:

	Change in assumption	Impact on defined benefit obligation RM'000
i) Discount rate	Increase 1% Decrease 1%	Decrease by RM5,190 Increase by RM6,084
ii) Salary growth rate	Increase 1% Decrease 1%	Increase by RM1,770 Decrease by RM2,251

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the benefit liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared to the previous financial year.

The weighted average duration of the defined benefit obligation is 12 to 27 (2016: 15 to 28) years.

Expected maturity analysis of undiscounted defined benefit obligation:

	Less than a year RM'000	Between 1 - 2 years RM'000	Between 2 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Provision for defined benefit plan					
At 31 December 2017	2,324	4,652	16,964	194,979	218,919
At 31 December 2016	2,679	7,447	25,831	178,679	214,636

48 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Subject to income tax				
- Deferred tax assets	740,359	779,421	-	-
- Deferred tax liabilities	(799,304)	(832,908)	-	-

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	625,837	761,369	-	-
- Deferred tax assets to be recovered within 12 months	114,522	18,052	-	-
	740,359	779,421	-	-
Deferred tax liabilities:				
- Deferred tax liabilities to be recovered after more than 12 months	(803,064)	(847,837)	-	-
- Deferred tax liabilities to be recovered within 12 months	3,760	14,929	-	-
	(799,304)	(832,908)	-	-
Deferred tax liabilities (net)	(58,945)	(53,487)	-	-

48 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	(53,487)	119,272	-	24,873
Acquisition of subsidiaries (Note 21(c)(i))	-	(107,090)	-	-
Transfer to liability held for sale	17,040	4,521	-	-
(Charged)/credited to profit or loss (Note 14):				
- intangible assets	(5,818)	1,461	-	725
- investment properties	2,054	2,054	-	-
- property, plant and equipment	15,644	(56,930)	-	1,027
- biological assets	9,729	-	-	-
- inventories	(7,145)	3,807	-	-
- receivables	5,211	(3,963)	-	-
- payables	(6,774)	8,039	-	(2,579)
- unused tax losses	(19,811)	16,240	-	(24,046)
- LLA liability	(11,072)	(52,711)	-	-
- others	(1,234)	6,448	-	-
	(19,216)	(75,555)	-	(24,873)
Currency translation differences	(3,282)	5,365	-	-
At 31 December	(58,945)	(53,487)	-	-
Deferred tax assets				
- receivables	10,671	10,416	-	-
- property, plant and equipment	7,771	7,138	-	-
- intangible assets	7,205	8,625	-	-
- investment properties	8,699	6,645	-	-
- inventories	13,692	20,837	-	-
- LLA liability	1,054,385	1,065,457	-	-
- payables	73,952	80,726	-	-
- unused tax losses	199,277	219,088	-	-
- others	20,150	24,994	-	-
Amount before offsetting	1,395,802	1,443,926	-	-
Offsetting	(655,443)	(664,505)	-	-
	740,359	779,421	-	-

48 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax liabilities				
- intangible assets	(16,531)	(28,968)	-	-
- property, plant and equipment	(1,406,938)	(1,421,949)	-	-
- prepaid lease payments	(2,306)	(2,306)	-	-
- biological assets	(25,438)	(35,167)	-	-
- receivables	(172)	(5,128)	-	-
- inventories	(3,666)	(3,666)	-	-
- others	304	(229)	-	-
Amount before offsetting	(1,454,747)	(1,497,413)	-	-
Offsetting	655,443	664,505	-	-
	(799,304)	(832,908)	-	-

The amount of deductible temporary differences and unused tax losses all of which have no expiry for which no deferred tax assets are recognised in the statement of financial position by certain subsidiaries as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused tax losses	398,843	230,155	229,622	156,885
Deductible temporary differences	-	-	54,978	41,609
	398,843	230,155	284,600	198,494

49 PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	378,440	574,290	-	-
Other payables and accruals	837,511	885,370	39,963	40,907
Amounts due to customers on contracts (Note 50)	1,113	580	-	-
	1,217,064	1,460,240	39,963	40,907

49 PAYABLES (CONTINUED)

Included in other payables and accruals are:

(i) Provision for Voluntary Separation Scheme ("VSS") amounting to RM10,964,000 for the Group and RM2,903,000 for the Company (2016: Nil for the Group and Company).
(ii) Provision for onerous contract for the Group amounting to RM Nil (2016: RM19,367,000).
(iii) Provision for Voluntary Early Retirement Scheme ("VERS") for the Group amounting to RM3,446,000 (2016: RM13,135,000) due to rationalisation plans carried out by the Group.

The payables are denominated as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
- Ringgit Malaysia	1,010,064	919,469	39,963	40,815
- United States Dollar	176,501	511,364	-	-
- Chinese Yuen Renminbi	22,612	7,578	-	92
- Indonesian Rupiah	3,592	16,000	-	-
- Pakistan Rupee	2,622	3,571	-	-
- Thai Baht	1,645	2,190	-	-
- Great Britain Pound	26	-	-	-
- Others	2	68	-	-
	1,217,064	1,460,240	39,963	40,907

The credit terms of trade payables range up to 90 days (2016: up to 90 days).

The fair value of the payables approximates their carrying values, as the impact of discounting is not significant.

50 CONSTRUCTION CONTRACTS

	Group	
	2017 RM'000	2016 RM'000
Cost incurred to date	150,250	50,543
Attributable profits less foreseeable losses	24,692	7,478
	174,942	58,021
Less: Progress billings	(161,129)	(58,244)
	13,813	(223)
Amounts due from customers on contracts (Note 25)	14,926	357
Amounts due to customers on contracts (Note 49)	(1,113)	(580)
	13,813	(223)

51 PROVISION FOR LITIGATION LOSS

	Group	
	2017 RM'000	2016 RM'000
At 1 January	-	-
Provision during the financial year	32,841	-
At 31 December	32,841	-

Provision for litigation loss relates to amount provided for legal suit by a vessel owner, against FGV Trading Sdn. Bhd. ("FGVT"), a wholly-owned subsidiary of the Company. The claims are for the loss and damages caused by an alleged breach of the terms of a Letter of Indemnity ("LOI") issued by FGVT in relation to the release of goods by the vessel owner for CPO sold by FGVT to end customer, which had defaulted payments to the financial institution.

52 LONG TERM INCENTIVE PLAN

The Company had established a long term incentive plan ("LTIP") in the form of employee share grant scheme which is governed by the By-Laws which was approved on 3 February 2016.

Pursuant to the LTIP, the Company shall award the grant of up to 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point of time during the duration of the LTIP, to the employees of the Company and its subsidiaries ("Group") and Executive Directors of the Company who fulfil the eligibility criteria as eligible employees and is administered by the LTIP Committee.

The LTIP comprises a restricted share ("RS") grant and a performance share ("PS") grant which shall be in force for a period of 10 years commencing from 3 February 2016, being the effective date of the implementation of the LTIP.

The details of the Grant are as follows:

(a) RS Grant

The RS Grant is restricted share grant for the eligible employees selected on a basis designated by the LTIP Committee. The RS Grant will be awarded on a need basis to the selected employees to be vested over a period of up to 3 years and after fulfilment of individual performance targets and certain performance conditions as determined by the LTIP Committee from time to time at its absolute discretion in accordance with the terms and conditions of the LTIP.

(b) PS Grant

The PS Grant is a performance share grant for senior management of the Group and Executive Director of the Company as well as key employees of the Group selected on a basis designated by the LTIP Committee. PS Grant will be awarded annually to the selected employees to be vested at the end of the 3 year period and after fulfilment of certain performance targets and/or conditions at the time of grant and vesting.

The salient features of the LTIP are as follows:

(a) The maximum number of new shares which may be made available under the LTIP shall not be more than 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the LTIP;

52 LONG TERM INCENTIVE PLAN (CONTINUED)

The salient features of the LTIP are as follows: (continued)

(b) The LTIP Committee shall decide from time to time at its absolute discretion to determine or vary the terms and conditions of the offer, such as eligibility criteria and allocation in each grant, the timing and frequency of the award of the grant, the performance target and/or performance conditions to be met prior to the offer and vesting of the grant and the vesting period;

(c) The total number of new shares that may be offered under the LTIP at any time shall be at the absolute discretion of the LTIP Committee;

(d) In the event the total numbers of new shares that made available under the LTIP exceeds the maximum shares as a result of purchasing, cancelling or reducing issued and paid-up ordinary share capital in accordance with the provisions of the Companies Act, 1965 and/or undertakes any other corporate proposal resulting in the reduction of the total number of issued and paid-up ordinary share capital, all grants awarded prior to the said variation of the issued and paid-up ordinary share capital shall remain valid and may vest in accordance with the provisions of the LTIP as if that purchase, cancellation or reduction had not occurred. However, no additional offer shall be made unless the total number of new shares which may be acquired by the trustee and thereafter transferred to the grantees under the LTIP in respect of such grants shall fall below the maximum shares allowed.

(e) The LTIP shall take effect on the effective date of the implementation of the LTIP and shall be in force for a period of 10 years commencing from 3 February 2016, being the effective date of implementation of the LTIP; and

(f) The new shares to be transferred pursuant to the LTIP upon vesting thereof, shall rank equally in all respects with the then existing issued shares and the grant holders shall not be entitled to any dividends, rights, allotments, entitlements and/or other distributions, for which the book closure date is prior to the date of issue of the shares.

During the financial year, 5,342,400 RS (2016: 859,800 RS) under the LTIP were granted to eligible employees of the Group. Subject to the terms and conditions of the By-Laws, the employees shall be awarded ordinary shares in the Company, after meeting the vesting conditions as set out in the letter of offer for the shares under the LTIP. All RS granted during the financial year were vested, other than those forfeited. The RS granted in previous financial year has a three years vesting period and the first vesting date was on 31 March 2017.

Movement in the number of RS Grant under the LTIP is as follows:

2017

	Number of shares grants over ordinary share				
Grant date	Outstanding as at 1.1.2017	Granted	Vested	(Forfeited)	Outstanding as at 31.12.2017
1 July 2016	814,500	-	(209,200)	(26,500)	578,800
12 July 2017	-	5,342,400	(5,080,300)	(262,100)	-

2016

2016	Number of shares grants over ordinary share				
Grant date	Outstanding as at 1.1.2016	Granted	Vested	(Forfeited)	Outstanding as at 31.12.2016
1 July 2016	-	814,500	-	-	814,500

53 FINANCIAL INSTRUMENTS

Financial instruments by category

Group	31 December 2017			
	Loans and receivables RM'000	Financial assets at fair value through profit or loss RM'000	Available -for-sale RM'000	Total RM'000
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	164,286	164,286
Receivables (excluding prepayments and GST receivable)	1,300,923	-	-	1,300,923
Amount due from a significant shareholder	215,389	-	-	215,389
Amounts due from joint ventures	499,879	-	-	499,879
Amounts due from other related companies	146,789	-	-	146,789
Loan due from joint ventures	71,431	-	-	71,431
Financial assets at fair value through profit or loss	-	49,321	-	49,321
Derivative financial assets	-	7,592	-	7,592
Deposits, cash and bank balances	1,740,658	-	-	1,740,658
Total	3,975,069	56,913	164,286	4,196,268

Group	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position			
Amount due to a significant shareholder	-	483,166	483,166
Amount due to an associate	-	37	37
Amounts due to other related companies	-	128,641	128,641
Loans due to a significant shareholder	-	1,387,316	1,387,316
Borrowings	-	4,110,156	4,110,156
LLA liability	4,393,280	-	4,393,280
Derivative financial liabilities	1,039	-	1,039
Payables	-	1,217,064	1,217,064
Total	4,394,319	7,326,380	11,720,699

53 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	31 December 2016			
Group	Loans and receivables RM'000	Financial assets at fair value through profit or loss RM'000	Available -for-sale RM'000	Total RM'000
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	314,241	314,241
Receivables (excluding prepayments and GST receivable)	1,649,697	-	-	1,649,697
Amount due from a significant shareholder	182,531	-	-	182,531
Amounts due from joint ventures	545,343	-	-	545,343
Amount due from an associate	214	-	-	214
Amounts due from other related companies	172,625	-	-	172,625
Loan due from a joint venture	54,222	-	-	54,222
Financial assets at fair value through profit or loss	-	58,322	-	58,322
Derivative financial assets	-	5,489	-	5,489
Deposits, cash and bank balances	1,854,054	-	-	1,854,054
Total	4,458,686	63,811	314,241	4,836,738

Group	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position			
Amount due to a significant shareholder	-	399,190	399,190
Amount due to an associate	-	167	167
Amounts due to joint ventures	-	6	6
Amounts due to other related companies	-	11,433	11,433
Loans due to a significant shareholder	-	1,689,005	1,689,005
Borrowings	-	3,891,132	3,891,132
LLA liability	4,407,564	-	4,407,564
Derivative financial liabilities	19,434	-	19,434
Payables	-	1,460,240	1,460,240
Total	4,426,998	7,451,173	11,878,171

53 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Company	Loans and receivables For the financial year ended 31 December 2017 RM'000	Loans and receivables For the financial year ended 31 December 2016 RM'000
Assets as per statement of financial position		
Receivables (excluding prepayments and GST receivable)	19,145	21,936
Amount due from a significant shareholder	20	20
Amounts due from subsidiaries	774,524	609,851
Amounts due from other related companies	230	216
Loans due from subsidiaries	3,664	206,013
Deposits, cash and bank balances	47,872	79,197
Total	845,455	917,233

Company	Other financial liabilities at amortised cost For the financial year ended 31 December 2017 RM'000	Other financial liabilities at amortised cost For the financial year ended 31 December 2016 RM'000
Liabilities as per statement of financial position		
Payables	39,963	40,907
Amount due to a significant shareholder	16,985	6,568
Amounts due to subsidiaries	84,346	18,302
Amounts due to other related companies	124	65
Loans due to a significant shareholder	1,387,316	1,689,005
Loans due to subsidiaries	1,102,759	301,005
Borrowings	-	540,900
Total	2,631,493	2,596,752

54 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), a significant shareholder of the Company, effectively owns 33.7% (2016: 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 and the Company.

Apart from the individually significant transactions as disclosed in Notes 26, 43, 45, 54(a), 54 (b), 54(c), 54(e), 54(f) and 54(g) to the financial statements, the Group and the Company 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.

Significant related parties and relationships are summarised as follows:

(i) Subsidiaries

Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM")
Felda Holdings Bhd. ("FHB")
Felda Agricultural Services Sdn. Bhd. ("FASSB")
Felda Engineering Services Sdn. Bhd. ("FESSB")
Felda Kernel Products Sdn. Bhd. ("FKPSB")
Felda Palm Industries Sdn. Bhd. ("FPISB")
Felda Prodata Systems Sdn. Bhd. ("Prodata")
Felda Rubber Industries Sdn. Bhd. ("FRISB")
Felda Security Services Sdn. Bhd. ("FSSSB")
FPM Sdn. Bhd. ("FPMSB")
Felda Travel Sdn. Bhd. ("Felda Travel")
Felda Bulkers Sdn. Bhd. ("FBSB")
Felda Global Ventures Capital Sdn. Bhd. ("FGVC")
FGV Trading Sdn. Bhd. ("FGV Trading")

(ii) Joint ventures

FPG Oleochemicals Sdn. Bhd. ("FPG")
Felda Iffco Sdn. Bhd. Group ("FISB Group")
MAPAK Edible Oil Pvt. Ltd. ("MAPAK")

(iii) Associate

F.K.W Global Commodities (Private) Limited ("FKW")

(iv) Other related companies

Yayasan Felda (Entity controlled by FELDA)
Koperasi Permodalan Felda Malaysia Berhad ("KPF")

54 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Sales of goods, services and investments				
(i) Transactions with subsidiaries				
Dividend received/receivable from subsidiaries	-	-	353,083	254,002
Management fees charged to subsidiaries	-	-	59,843	97,010
(ii) Transactions with joint ventures				
Sales of CPO by FGVPM to FISB Group	1,826,595	1,671,057	-	-
Sales of CPKO, RBDPKO and PFAD by FKPSB to FISB Group and FPG	1,661,119	1,487,618	-	-
Sales of Processed Palm Oil ("PPO") by FGV Trading to FISB Group	223,411	238,509	-	-
Sales of CPO by FGVPM to MAPAK	353,468	311,442	-	-
Provision of storage space for vegetable oil by FBSB to FISB Group and FPG	14,900	14,685	-	-
(iii) Transactions with an associate				
Sales of PPO by FGV Trading to FKW	43,179	38,520	-	-
(iv) Transactions with FELDA and its subsidiaries				
Sales of fertilizer by FPMSB	275,384	232,894	-	-
IT services rendered by Prodata	27,974	28,349	-	-
Security services rendered by FSSSB	21,777	23,555	-	-
Sales of seedlings and planting materials by FASSB	12,788	15,672	-	-
Maintenance and consultancy services by FESSB	39,544	72,099	-	-
Travel and hospitality services by Felda Travel	10,472	9,623	-	-

54 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(b) Purchase of goods and services				
(i) Transactions with subsidiaries				
Finance costs charged by FGVC	-	-	14,464	16,921
Purchase of IT services from Prodata	-	-	13,465	17,759
Purchase of security services from FSSSB	-	-	809	1,226
Purchase of travel sevices from Felda Travel	-	-	3,875	4,843
(ii) Transactions with FELDA and its subsidiaries				
Finance expense charged	77,746	89,812	77,746	89,812
Building rental charged	27,356	33,490	8,924	12,995
Share of infrastructure cost in Sabah charged to FGVPM	9,058	14,637	-	-
LLA liability paid by FGVPM	307,129	287,906	-	-
Contribution to Yayasan FELDA	2,044	4,934	-	4,487
Purchase of latex by FRISB	147,300	90,150	-	-
Purchase of FFB by FGVPM	3,756,304	2,990,673	-	-
Joint Consultative Committee payment by FPISB and FGVPM to FELDA	12,783	10,073	-	-
(c) Transactions with Government-related entities				
Transactions between subsidiaries and other government agencies				
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB") and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	71,701	141,124	-	-
Cess payment to MPOB	38,911	38,939	-	-

54 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

Key management personnel comprise of Directors and senior management with the rank of Vice President and above, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The aggregate amount of emoluments received/receivable by key management personnel of the Group and the Company during the financial year is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fees	2,463	2,937	1,774	1,731
Salaries and bonuses	15,803	21,150	14,650	19,933
Defined contribution and benefit plans	4,803	4,682	4,618	4,434
Other short-term employee benefits	5,983	7,200	4,014	4,022
	29,052	35,969	25,056	30,120

(e) Loan due from subsidiaries

Terms and conditions of the loan are disclosed in Note 31 to the financial statements.

	Group and Company	
	2017 RM'000	2016 RM'000
At 1 January	206,013	1,062
Addition	-	204,951
Repayment	(202,349)	-
At 31 December	3,664	206,013

(f) Loans due from joint ventures

Terms and conditions of the loan are disclosed in Note 29 to the financial statements.

	Group	
	2017 RM'000	2016 RM'000
At 1 January	54,222	-
Addition	22,510	54,222
Currency translation difference	(5,301)	-
At 31 December	71,431	54,222

54 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Dividend payable to other related company

	Group	
	2017 RM'000	2016 RM'000
KPF	123,561	-

55 COMMITMENTS

(a) Operating lease arrangements

(i) The Group as lessee:

The Group leases premises, railroads cars, storage tanks, meal storage facilities and certain equipments from various parties under operating lease arrangements.

None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	Group	
	2017 RM'000	2016 RM'000
Within 1 year	39,436	30,808
Between 1 and 2 years	17,727	15,717
Between 2 and 3 years	8,130	6,922
Between 3 and 4 years	6,736	4,848
Between 4 and 5 years	6,304	3,507
More than 5 years	9,170	12,379
	87,503	74,181

The lease payments recognised in profit or loss during the financial year amounted to RM26,656,000 (2016: RM22,115,000).

55 COMMITMENTS (CONTINUED)

(a) Operating lease arrangements (continued)

(ii) The Group as lessor:

Operating lease receipts represent rentals receivable by the Group for natural oil tanks and oil pipeline system rented out.

The future aggregate minimum lease receivables under non-cancellable operating lease are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Within 1 year	2,089	2,315
Between 1 and 2 years	2,089	2,315
Between 2 and 3 years	2,089	2,315
Between 3 and 4 years	2,089	2,315
Between 4 and 5 years	2,089	2,315
	10,445	11,575

Rental income recognised in profit or loss during the financial year amounted to RM2,201,000 (2016: RM2,132,000).

(b) Capital commitments

	Group	
	2017 RM'000	**2016 RM'000**
Capital expenditure approved and contracted for:		
- Property, plant and equipment	415,178	703,445
- Bearer plants	99,031	87,958
	514,209	791,403

56 CONTINGENT LIABILITIES

(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 matter has been fixed for trial from 30 to 31 October 2018.

(ii) On 4 April 2018, Felda Global Ventures Research & Development Sdn. Bhd. ("First Defendant") and Felda Agricultural Services Sdn. Bhd. ("Second Defendant"), the indirect subsidiaries of the Company have been served with Kuala Lumpur High Court Writ of Summons together with a Statement of Claim by Fulle Technik Sdn. Bhd. ("Plaintiff") ("Fulle Technik Suit").

The First Defendant appointed the Plaintiff via a Service Agreement dated 30 September 2014 to develop a prototype machine known as Subsoil Fertiliser Machine ("Machines"). The Plaintiff alleges that the First Defendant have, in breach of their contractual obligations, appointed a third party via an open tender to build and supply the Machines.

In this regard, the Plaintiff is claiming against the First and Second Defendants a total amount of RM23,390,000, special damages, interest at the rate of 5% per annum on general damages, interest at the rate of 2.5% per annum on special damages, exemplary damages, interest at the rate of 5% per annum on the judgment debt from the date of judgment to the full settlement, costs incurred by the Plaintiff in respect of the Fulle Technik Suit and other reliefs as deemed fit by the Court. This matter has been fixed for case management on 3 May 2018.

Based on available information and on legal advice received, the Directors are of the view that there is a good chance of defending all the above claims 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.

57 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 12 May 2017, the Board of Directors of the Company announced that FGV Myanmar (L) Pte. Ltd. ("FGV Myanmar"), a wholly-owned subsidiary of FGV Investment (L) Pte. Ltd. a wholly-owned subsidiary the Company, 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 the Company are of the opinion the mutual termination disclosed herein are in the best interest of the Company. The termination of this JVA would not have any financial impact on the Company and its subsidiaries.

57 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

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

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.

(c) On 19 June 2017, Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad resigned as a Chairman of the Company. On the same day, Tan Sri Dr Sulaiman Mahbob has been appointed as an Acting Chairman of the Company.

(d) On 20 July 2017, The Board of Directors of the Company 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.

(e) On 11 September 2017, the appointment of Datuk Wira Azhar Abdul Hamid as Chairman of the Company was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. With the appointment of Datuk Wira Azhar Abdul Hamid as the Chairman of FGV, Tan Sri Dr. Sulaiman Mahbob ceased to be the Acting Chairman of the Company.

(f) On 21 December 2017, Felda Marketing Services Sdn. Bhd., an indirect subsidiary of the Company, disposed 16% equity interest in AXA Affin General Insurance Berhad ("AXA Affin"). The interest in AXA Affin carried at RM159.4 million was disposed off on 21 December 2017 at the sale price of RM11.78 per share for a net consideration of RM198.9 million, resulting in a gain on disposal of RM73.2 million to the Group.

As a result of the disposal, the brought forward available-for-sale reserve amounting to RM33.7 million relating to AXA Affin had been reclassified during the financial year and recognised in other operating income (Note 7).

(g) On 20 December 2017, Felda Global Ventures Plantations Sdn. Bhd. ("FGVP"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement to acquire 100% of the total issued and paid-up share capital of Asian Plantations Limited ("APL") from the Company at its carrying amount of RM567.90 million.

Thereafter, on 27 December 2017, the APL shares were 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 the same amount.

The above is an internal re-organisation exercise which resulted in APL becoming a direct subsidiary of FGVPM and an indirect subsidiary of the Company. There is no change in the Group's effective interest in APL arising from the internal re-organisation exercise.

58 SIGNIFICANT EVENTS AFTER THE 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 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 the Company and its subsidiaries.

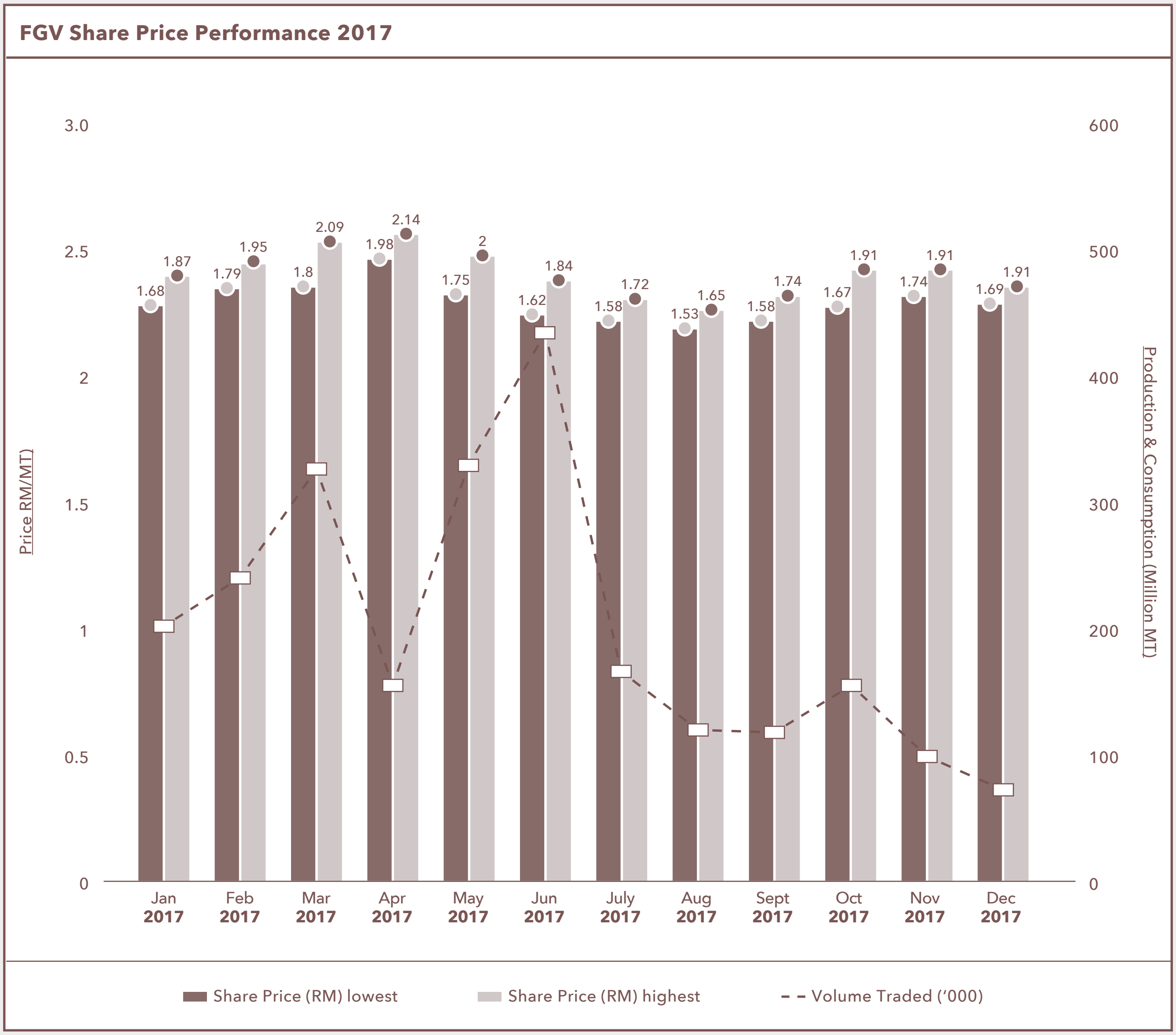
59 RESTATEMENT OF STATEMENTS OF COMPREHENSIVE INCOME

During the financial year ended 31 December 2017, the cocoa business which had been classified as discontinued operation in the previous financial year, is no longer deemed as discontinued operation by the Group. Hence, the statements of comprehensive income for the financial year ended 31 December 2016 has been restated.

60 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 16 April 2018.

SHARE PRICE MOVEMENT



	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sep'17	Oct'17	Nov'17	Dec'17
Volume Traded	201,767,900	239,900,100	325,861,404	155,311,300	328,705,400	441,221,796	166,130,400	119,922,700	118,014,300	155,071,300	99,010,300	72,655,400
Share Price (RM) highest	1.87	1.95	2.09	2.14	2	1.84	1.72	1.65	1.74	1.91	1.91	1.8
Share Price (RM) lowest	1.68	1.79	1.8	1.98	1.75	1.62	1.58	1.53	1.58	1.67	1.74	1.69

FINANCIAL CALENDAR

Financial Calendar 2017

Quarterly Results

28 February 2017
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2016.

31 May 2017
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2017.

30 August 2017
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2017.

23 November 2017
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2017.

Dividend

25 April 2017
Notice of Book Closure for determining the entitlement of single tier final dividend of 1 sen per ordinary share for the financial year ended 31 December 2016.

15 June 2017
Payment of single tier final dividend of 1 sen per ordinary share for the financial year ended 31 December 2016.

23 November 2017
Notice of Book Closure for determining the entitlement of single tier interim dividend of 5 sen per ordinary share for the financial year ended 31 December 2017.

28 December 2017
Payment of single tier interim dividend of 5 sen per ordinary share for the financial year ended 31 December 2017.

Annual Audited Accounts

26 April 2017
Announcement of the Annual Audited Accounts for the financial year ended 31 December 2016.

Annual General Meeting

26 April 2017
Notice of the Ninth (9th) Annual General Meeting and issuance of Annual Integrated Report 2016.

25 May 2017
Ninth (9th) Annual General Meeting.

Financial Calendar 2018

Quarterly Results

23 February 2018
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2017.

Annual Audited Accounts

30 April 2018
Announcement of the Annual Audited Accounts for the financial year ended 31 December 2017.

Annual General Meeting

30 April 2018
Notice of the Tenth (10th) Annual General Meeting and issuance of Annual Integrated Report 2017.

28 June 2018
Tenth (10th) Annual General Meeting.

ANALYSIS OF SHAREHOLDINGS

As at 20 March 2018

Issued and Paid-up Share Capital	:	3,648,151,500 ordinary shares and 1 special share
Class of Shares	:	Ordinary shares Special share
Voting Right	:	One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF SHARES

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Shares (%)
Less than 100	498	0.82	4,245	0.00
100 to 1,000	40,909	67.76	32,465,378	0.89
1,001 to 10,000	12,871	21.32	61,237,316	1.68
10,001 to 100,000	5,044	8.36	165,567,274	4.54
100,001 to less than 5% of issued shares	1,043	1.73	1,353,790,712	37.11
5% and above of issued shares	7	0.01	2,035,086,575	55.78
TOTAL	**60,372**	**100.00**	**3,648,151,500**	**100.00**

INFORMATION ON DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect/Deemed Interest	
No.	Name of Directors	No. of Shares Held	Percentage of Shares (%)	No. of Shares Held	Percentage of Shares (%)
1.	DATUK WIRA AZHAR ABDUL HAMID	194,500	0.01	-	-
2.	DATO' YAHAYA ABD JABAR	-	-	-	-
3.	DATO' MOHAMED SUFFIAN AWANG	-	-	-	-
4.	DATO' ZAKARIA ARSHAD*	250,600	0.01	-	-
5.	DATO' AB GHANI MOHD ALI	-	-	-	-
6.	DATUK SITI ZAUYAH MD DESA	-	-	-	-
7.	DATO' SRI ABU BAKAR HARUN	800	0.00	-	-
8.	DATUK MOHD ANWAR YAHYA	-	-	-	-
9.	DATUK DR. SALMIAH AHMAD	-	-	-	-
10.	DR. MOHAMED NAZEEB P.ALITHAMBI	7,000	0.00	-	-
11.	DR. NESADURAI KALANITHI	-	-	-	-
12.	DATUK MUZZAMMIL MOHD NOR *(Alternate Director to Dato' Ab Ghani Mohd Ali)*	-	-	-	-

Notes:

* *5,000 Shares held through CIMSEC Nominees (Tempatan) Sdn Bhd.*

The shareholdings confirmation under the above omnibus account was being made on the assumption that there is/are no notification given by the above holder to FGV. The Directors' interest in Shares of FGV and its related corporations are set out in the Directors' Report of FGV's Financial Statement for the financial year ended 31 December 2017.

ADDITIONAL INFORMATION

ANALYSIS OF SHAREHOLDINGS

As at 20 March 2018

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Name of Shareholders		Direct Interest No. of Shares Held	Direct Interest Percentage of Shares (%)	Indirect/Deemed Interest No. of Shares Held	Indirect/Deemed Interest Percentage of Shares (%)
1.	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)		775,029,800	21.25	452,921,192**	12.42
	- Own Account	385,988,300				
	- Maybank Nominees (Tempatan) Sdn Bhd (415321)	270,000,000				
	- Maybank Securities Nominees (Tempatan) Sdn Bhd (FELDA)	44,041,500				
	- ABB Nominees (Tempatan) Sdn Bhd	30,000,000				
	- Maybank Securities Nominees (Tempatan) Sdn Bhd (FELDA 2)	25,000,000				
	- HLIB Nominees (Tempatan) Sdn Bhd	20,000,000				
2.	FELDA ASSET HOLDINGS COMPANY SDN BHD		452,921,192	12.42	-	-
	- Own Account	452,921,192				
3.	LEMBAGA TABUNG HAJI		284,715,100	7.81	-	-
	- Own Account	283,710,100				
	- CIMB Islamic Nominees (Tempatan) Sdn Bhd	1,005,000				
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)		285,207,300	7.82	-	-
	- Own Account	270,998,400				
	- Citigroup Nominees (Tempatan) Sdn Bhd (I-Vcap)	3,060,600				
	- Citigroup Nominees (Tempatan) Sdn Bhd (Diperbadankan) (CIMB Equities)	9,744,300				
	- Citigroup Nominees (Tempatan) Sdn Bhd (Diperbadankan) (CIMB PRNCP ISLM)	1,404,000				
5.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD		189,061,008	5.18	-	-
	- Own Account	189,061,008				
6.	KERAJAAN NEGERI PAHANG		182,407,575	5.00	-	-
	- Maybank Nominees (Tempatan) Sdn Bhd	182,407,575				

Notes :

** *Deemed interest by virtue of its interest in Felda Asset Holdings Company Sdn. Bhd.*

ADDITIONAL INFORMATION

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS

(Without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares Held	Percentage of Shares (%)
1	FELDA ASSET HOLDINGS COMPANY SDN BHD	452,921,192	12.42
2	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	385,988,300	10.58
3	LEMBAGA TABUNG HAJI	283,710,100	7.78
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	270,998,400	7.43
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (415321)	270,000,000	7.40
6	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	189,061,008	5.18
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Kerajaan Negeri Pahang	182,407,575	5.00
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Sawit Kinabalu Sdn Bhd	82,610,989	2.26
9	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD SDB Asset Management Sdn Bhd for Chief Minister State of Sabah	65,934,066	1.81
10	LEMBAGA TABUNG ANGKATAN TENTERA	45,693,900	1.25
11	CARTABAN NOMINEES (ASING) SDN BHD Exempt An for State Street Bank & Trust Company (West CLT OD67)	44,392,513	1.22
12	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD Malayan Banking Berhad for Lembaga Kemajuan Tanah Persekutuan (FELDA)	44,041,500	1.21
13	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB Bank Berhad (EDP 2)	36,184,300	0.99
14	HSBC NOMINEES (ASING) SDN BHD BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	35,111,157	0.96
15	AMSEC NOMINEES (TEMPATAN) SDN BHD Mtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	34,112,100	0.94
16	ABB NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (FELDA)	30,000,000	0.82
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD Exempt An for CIMB Bank Berhad (FELDA IPO SMF)	29,553,300	0.81
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (CIMB PRIN)	26,013,900	0.71
19	HSBC NOMINEES (ASING) SDN BHD JPMCB NA for Vanguard Total International Stock Index Fund	25,396,224	0.70
20	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD Malayan Banking Berhad for Lembaga Kemajuan Tanah Persekutuan (FELDA 2)	25,000,000	0.69
21	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD SDB Asset Managment Sdn Bhd for Ekuiti Yakinjaya Sdn Bhd	20,869,113	0.57
22	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera	20,000,000	0.55
23	HLIB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (FELDA)	20,000,000	0.55
24	TA KIN YAN	18,125,000	0.50
25	RHB NOMINEES (TEMPATAN) SDN BHD OSK Capital Sdn Bhd for Yayasan Islam Terengganu	16,455,100	0.45
26	AMSEC NOMINEES (TEMPATAN) SDN BHD Exempt An for Ambank Islamic Berhad (FELDA)	14,810,600	0.41
27	CITIGROUP NOMINEES (ASING) SDN BHD Merrill Lynch International	13,265,529	0.36
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY for Dimensional Emerging Markets Value Fund	12,048,000	0.33
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	10,365,892	0.28
30	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	10,190,765	0.28

TOP 10 PROPERTIES OF FGV GROUP

Location		Tenure	Year lease expiring	Approximate Area (Ha)	Description	Year of Acquisition	Net Book Value (RM'000)
1.	**Sabah** Sahabat 07, Sahabat 30 ,Sahabat 40, Sahabat 41, Sahabat 42, Sahabat 43, Sahabat 46, Sahabat 48, Sahabat 50, Sahabat 51, Sahabat 52, Sahabat 53, Sahabat 54, Sahabat 21, Sahabat 22, Sahabat 23, Sahabat 24, Sahabat 25, Sahabat 26, Sahabat 28, Sahabat 31, Sahabat 33, Sahabat 34, Sahabat 35, Sahabat 36, Sahabat 09, Sahabat 10, Sahabat 11, Sahabat 12, Sahabat 16, Sahabat 17, Sahabat 20, Sahabat 38, Sahabat 39, Sahabat 44, Sahabat 45, Sahabat 55, Sahabat 56, Kalabakan Selatan, Kalabakan Utara 01, Umas 05, Umas 06, Tenegang, Sahabat, Tawau, Lahad Datu, Umas, Baiduriayu, Kalabakan, Embara Budi, Fajar Harapan, Merchu Puspita, Hamparan Badai, Kembara Sakti, Nilam Permata, Jeragan Bistari, Lanchang Kemudi	Leasehold	2028 - 2887	118,872	Oil palm estates, palm oil mills and refining plant	1996 – 2013,2016	1,172,113
2.	**Sarawak** Lot 15 Dulit Land Batang Tinjar, Baram. Lot 20 Dulit Land Long Aya, Tinjar, Baram.Lot 10 Dulit Land Batang Tinjar, Baram. Lot 16 Dulit Land Batang Tinjar, Baram. Lot 68, Bok Land, Sg Bok, Dulit, Baram. Lot 23 Dulit Land Sg Bok, Dulit, Baram. Lot 17, 18 & 19 Patah Land District, Sg Aran & Sg Tema-ah, Miri. Sampadi 01, Sampadi 03, Sampadi 04, Sampadi 05, Sampadi 06, Sampadi	Leasehold	2063 - 2111	32,803	Oil palm estates, palm oil mills and office building	2012 - 2014	276,557
3	**Johor** Inas Selatan, Kledang 02, Maokil 06, Maokil 07, Nitar Timur, Paloh, Tenggaroh 09, Tenggaroh 11, Tenggaroh 12, Tenggaroh 13, Tenggaroh Timur 02, Palong Timur 04, Palong Timur 05, Semencu, Pasir Gudang, Semencu, Bukit Besar, Air Tawar, Penggeli, Kahang, Lok Heng, Selanchar 2A, Tenggaroh 4, Adela, Moakil, Nitar, Selanchar 2B, Belitong, Wa Ha, Tenggaroh Timur, Kulai, Plentong, Tanjung Langsat Industrial Complex	Leasehold	2018 - 2111	33,914	Oil palm estates, palm oil mills and margerine plant, warehouse, sugar refinery plant and two storey office	2012-2015	271,369
4.	**Pahang** Berabong 01, Selendang 03, Selendang 04, Selanchar 06, Selanchar 08, Selanchar 09, Chegar Perah 02, Kechau 02, Kechau 03,Kechau 06, Kechau 07, Kechau 08, Kechau 10, Kechau 11, Krau 02, Krau 04, Telang 01, Bera Selatan 01, Bera Selatan 03, Bera Selatan 04, Bera Selatan 05, Bera Selatan 07, Keratong 11, Mengkarak 01, Mengkarak 02, Tembangau 03, Tembangau 05, Tembangau 06, Tembangau 08, Tembangau 07, Tembangau 09, Bukit Sagu 04, Bukit Sagu 06, Bukit Sagu 07, Bukit Sagu 08, Lepar Hilir 05, Lepar Hilir 06, Lepar Hilir 08, Merchong, Chini Timur 04, Lepar Utara 05, Lepar Utara 07, Lepar Utara 08, Lepar Utara 09, Lepar Utara 11, Lepar Utara 14, Terapai 01, Terapai 03, Triang 02, Triang 04, Triang Selatan 01, Kuantan, Jengka 21, Keratong 2, Bkt Mendi, Pdg Piol, Kepayang, Gelanggi, Neram, Chini 3, Tementi, Mempaga, Kemasul, Keratong 3, Seroja, Tersang, Keratong 9, Selendang A, Lepar Utara 4, Chini 2, Jengka 8, Lepar Hilir, Bukit Sagu, Lepar Utara 6, Panching, Triang, Kerau, Kechau A, Kechau B, Tanjung Gelang	Leasehold	2027 - 2111	143,898	Oil palm estates, palm oil mills and refining plant	2012	234,575

ADDITIONAL INFORMATION

TOP 10 PROPERTIES OF FGV GROUP

Location	Tenure	Year lease expiring	Approximate Area (Ha)	Description	Year of Acquisition	Net Book Value (RM'000)
5. **Kelantan** Aring 02, Aring 03, Aring 04, Aring 05, Aring 06, Aring 08, Aring 10, Chiku 04, Chiku 08, Aring B, Kemahang, Chiku, Aring A	Leasehold	2111	24,620	Oil palm estates and palm oil mill	2012	105,686
6. **Perlis** PN 37, Lot No : 2040, Kampong Baru, Chuping. PN 39, Lot No : 2035, Bukit Merah, Chuping. PN 40, Lot No : 2038, Store Chia, Chuping. PN 41, Lot No : 2041, Padang Hang Chik Wa, Chuping. PN 43, Lot No : 2037, Air Hujan, Chuping. H.S.(D) 8549, PT 4363, Padang Mayat, Chuping. H.S.(D) 8550, PT 4364, Padang Mayat, Chuping. HS (D) 145, PT, Chuping. HS (D) 2587, PT349, Bilal Udoh, Chuping	Leasehold	2061	4,340	Rubber and other crops plantation and buildings	2011	84,251
7. **The United States of America** 740-760, 749-773, and 780 Washington Street, Quincy, Massachusetts, 02169 United States of America	Freehold	-	Built up area: 4.38 Land area: 15.75	Production of Fatty Acids, Oleic Acids and Stearic Acids, Production of Refined Glycerine, Transportation of raw material (tallow) and finished products via railroad connecting the plant located in Quincy and Braintree train station	2008-2009	64,362
8. **Terengganu Darul Iman** Chador 01, Cherul 03, Rantau Abang 01, Semaring 01, Setiu 01, Jerangau Baru, Jerangau Barat, Kertih, Chalok	Freehold	2061 - 2111	13,395	Oil palm estates and palm oil mill	2012	43,107
9. **Negeri Sembilan** Palong 17, Palong 18, Palong 21, Serting Hilir 08, Serting, Serting Hilir, Palong Timur, Pasoh	Leasehold	2111	12,867	Oil palm estates and palm oil mills	2012	28,989
10. **Perak** Besout06, Besout07, Lawin Tengah, Nenering 02, Tawai 01, Tawai 02, Trolak, Besout	Leasehold	2111	15,551	Oil palm estates and palm oil mills	2012	22,038

ADDITIONAL DISCLOSURE

UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2017.

NON-AUDIT FEES

The amount of non-audit fees rendered to the Group by its external auditors, PricewaterhouseCoopers PLT (PwC) for the financial year ended 31 December 2017 amounted to RM231,000 and within the allowable threshold.

MATERIAL CONTRACTS

Save for those disclosed in the financial statements, there was no material contract entered into by the Company or its subsidiaries, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

LONG TERM INCENTIVE PLAN (LTIP)

Details of the LTIP are provided on page 112 of this Annual Integrated Report 2017.

SHARE ISSUANCE SCHEME

There was no Share Issuance Scheme declared or implemented in 2017.

RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

At the 9th Annual General Meeting (AGM) held on 25 May 2017, the Company had obtained a Shareholders' mandate from its Shareholders for Recurrent Related Party Transaction of revenue or trading of nature to be entered into the Company and/or its subsidiaries (RRPT Shareholders' Mandate). The RRPT Shareholders' Mandate is valid until the conclusion of the forthcoming 10th AGM of the Company to be held on 28 June 2018.

The Company proposes to seek a renewal of the existing RRPT Mandate and the new RRPT Mandate at its forthcoming 10th AGM. The renewal of the existing RRPT Mandate and the RRPT Mandate, if approved by the Shareholders, will be valid until the conclusion of the Company's next AGM. The details of the RRPT Mandate being sought are provided in the Circular to Shareholders dated 30 April 2017 which was sent together with the Annual Integrated Report.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the Recurrent Related Party Transaction of a revenue or trading nature entered into during the financial year ended 31 December 2017.

A. Details of the RRPTs entered into by the FGV Group with the Related Parties under the Proposed Renewal of Shareholders' Mandate

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
1.	FELDA	F Engineering	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Datuk Hanapi Suhada Interested person connected is KPF	Provision of maintenance and consultancy services	36,887
2.	FELDA	FPM	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Sale of fertilisers	74,997

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
3.	F Rubber Industries	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Zainal Hassan Interested person connected is KPF	Purchase of rubber	147,305
4.	FELDA	F Security	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Dato' Ramli Ismail andMejar (B) Adnan Yaacop Interested person connected is KPF	Provision of security services	20,146
5.	FELDA	F Prodata	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Anuar Malek Interested person connected is KPF	Provision of IT services	20,500
6.	FELDA	F Travel	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Provision of travel and accommodation services	7,724
7.	FELDA	F Prodata	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Anuar Malek Interested person connected is KPF	Provision of GPS/GIS installation services	809

ADDITIONAL DISCLOSURE

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
8.	FELDA	F Agricultural	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Khamis Mohamed Som and Rahayu Mahat @ Taib Interested person connected is KPF	(i) Sale of seeds palms; and (ii) Provision of consultancy and laboratory analysis services	1,666
9.	F Agricultural	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Khamis Mohamed Som and Rahayu Mahat @ Taib Interested person connected is KPF	Monthly payment of rental for oil palm estates with each oil palm estate having a lease period between 20 to 25 years and building rental in respect of office premises located at Menara FELDA having a lease period of 3 years	1,009
10.	FELDA	F Transport	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Saari Din Interested person connected is KPF	Jetty commissions	2,774
11.	F Palm Industries	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Samsudin Othman and Dato' Safariah Awang Ngah Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA, Balai Felda and wilayah offices having a lease period of 3 years	1,557

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
12.	FELDA	F Properties	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Sakinah Salleh Interested person connected is KPF	Provision of Project Management Consultant (PMC) service	518
13.	F Engineering	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Datuk Hanapi Suhada Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	996
14.	F Prodata	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors areDato' Sri Abu Bakar, Dato' Ab Ghani,Datuk Muzzammil and Anuar Malek Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	3,721
15.	F Rubber Industries	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Zainal Hassan Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	702
16.	F Transport	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Saari Din Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	696

ADDITIONAL DISCLOSURE

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
17.	F Security	FELDA	nterested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Dato' Ramli Ismail and Mejar (B) Adnan Yaacop Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	537
18.	F Palm Industries	FGV	nterested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Samsudin Othman and Dato' Safariah Awang Ngah Interested person connected is KPF	Provision of management services	25,794
19.	FGV	F Security	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Dato' Ramli Ismail and Mejar (B) Adnan Yaacop Interested person connected is KPF	Provision of security services	804
20.	F Security	FGV	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Dato' Ramli Ismail and Mejar (B) Adnan Yaacop Interested person connected is KPF	Provision of management services	504
21.	F Agricultural	FGV	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Khamis Mohamed Som and Rahayu Mahat @ Taib Interested person connected is KPF	Provision of management services	8,349

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
22.	FGV	F Engineering	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Datuk Hanapi Suhada Interested person connected is KPF	Provision of construction and renovation services	8
23.	F Transport	FGV	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Saari Din Interested person connected is KPF	Provision of management services	4,503
24.	F Prodata	FGV	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Anuar Malek Interested person connected is KPF	Provision of management services	2,442
25.	FGV	F Prodata	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Anuar Malek Interested person connected is KPF	Provision of IT services	14,698
26.	FGV	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	10,015

ADDITIONAL DISCLOSURE

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
27.	FGVPM	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Monthly payment of rental for office premises located at Menara FELDA and Balai Felda having a lease period of 3 years	3,832
28.	F Rubber Industries	FGV	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Zainal Hassan Interested person connected is KPF	Provision of management services	2,826
29.	FGVPM	F Prodata	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Anuar Malek Interested person connected is KPF	Provision of IT services	15,469
30.	F Technoplant	F Agricultural	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Khamis Mohamed Som and Rahayu Mahat @ Taib Interested person connected is KPF	(i) Sale of seeds palms; and (ii) Provision of consultancy and laboratory analysis services	4,658
31.	FGVPM	F Engineering	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Datuk Hanapi Suhada Interested person connected is KPF	Design and build for engineering construction	-

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
32.	FPM	F Transport	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Dato' Saari Din Interested person connected is KPF	Provision of transportation services	652
33.	MSM Holdings and its subsidiaries	FGV	Interested Major Shareholders are FELDA and FAHC Interested Major Shareholders are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Datuk Hanapi Suhada Interested person connected is KPF	Provision of management services	3,711
34.	MSM Holdings and its subsidiaries	F Prodata	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Hanapi Suhada and Anuar Malek Interested person connected is KPF	Provision of IT services	46
35.	MSM Holdings and its subsidiaries	F Security	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Hanapi Suhada, Dato' Ramli Ismail and Mejar (B) Adnan Yaacop Interested person connected is KPF	Provision of security services	1,159
36.	MSM Holdings and its subsidiaries	F Engineering	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil and Datuk Hanapi Suhada Interested person connected is KPF	Provision of project management	-

Item	Transacting Related Parties		Interested Major Shareholders/ Directors and persons connected with them	Nature of RRPT	Value of Transaction (RM'000)
	Recipient	Provider			
37.	KPF-Linked Subsidiaries	FGV Capital	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani, Datuk Muzzammil, Datuk Khamis Mohamed Som, Rahayu Mahat @ Taib, Datuk Hanapi Suhada, Zaid Sidek, Mohd Shahrin Mohd Ali, Samsudin Othman, Dato' Safariah Awang Ngah, Anuar Malek, Sakinah Salleh, Dato' Zainal Hassan, Dato' Ramli Ismail, Mejar (B) Adnan Yaacop, Dato' Saari Din and Saodah Sudi Interested person connected is KPF	Provision of financial assistance to the FGV Group via centralisation of working capital by FGV Capital on a short or medium term basis i.e. for a duration of not exceeding 3 years	333,062
38.	F Prodata	Lunas Technology Sdn Bhd	Interested Major Shareholder: - Interested Director is Azly Sham Kamaruddin Interested person connected are Zaidy Sham Kamaruddin and Lunas Technology	Provisions of IT software	2,120
39.	FGVPM	F Technoplant	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Purchase of FFB	1,867,004
40.	FGVPM	FELDA	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Purchase of FFB	1,889,502
41.	FELDA	FGVPM	Interested Major Shareholders are FELDA and FAHC Interested Directors are Dato' Sri Abu Bakar, Dato' Ab Ghani and Datuk Muzzammil Interested person connected is KPF	Payment of incentive for the settlers' welfare to the Joint Consultative Committee (JCC)	7,573
				Total	**4,521,275**

APPLICATION OF THE PRINCIPLES AND PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 (MCCG 2017)

FGV's application of the principles and practices of the MCCG 2017 in respect of FYE 2017 are explained in the Corporate Governance Report available in our website, www.feldaglobal.com and also in AIR 2017 set out in the following pages:

Practice	Details	Applied / Departure/ Adopted/ Not Adopted	Page*
PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS			
1.1	The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.	Applied	2, 3, 16, 18-21, 23, 26-27, 29-30, 33, 35, 44, 51, 54-58, 60-63, 68, 70-71, 73, 75-76, 90, 92, 99, 102, 104-105, 107-108, 165, 169
1.2	A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.	Applied	7, 22-23, 61-62, 64, 68, 70, 99-100
1.3	The positions of Chairman and CEO are held by different individuals.	Applied	64, 68, 76
1.4	The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.	Applied	7, 79
1.5	Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	Applied	69
2.1	The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies– • the respective roles and responsibilities of the board, board committees, individual directors and management; and • issues and decisions reserved for the board.	Applied	68
3.1	The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.	Applied	16, 62, 71, 82, 104, 106
3.2	The board establishes, reviews and together with management implements policies and procedures on whistleblowing.	Applied	92, 106
4.1	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.	Applied	7, 61, 64-67
4.2	The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.	Applied	65-67, 335
4.3 (Step up)	The board has a policy which limits the tenure of its independent directors to nine years.	Adopted	80
4.4	Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.	Applied	22, 58, 61, 64-67, 72, 76-78, 80-82

* *To also refer to our Corporate Governance Report, which is available on our website, www.feldaglobal.com.*

APPLICATION OF THE PRINCIPLES AND PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 (MCCG 2017)

Practice	Details	Applied / Departure/ Adopted/ Not Adopted	Page*
PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS			
4.5	The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	Departure	61, 66
4.6	In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.	Applied	-
4.7	The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.	Applied	80
5.1	The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome. For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.	Applied	70, 72, 80-82, 90, 93, 334
6.1	The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.	Applied	94-95, 98, 333-334
6.2	The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management. The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.	Applied	80-82
7.1	There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.	Applied	96-97
7.2	The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	Applied	98
7.3 (Step up)	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	Not Adopted	-

APPLICATION OF THE PRINCIPLES AND PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 (MCCG 2017)

Practice	Details	Applied / Departure/ Adopted/ Not Adopted	Page*
PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT			
8.1	The Chairman of the Audit Committee is not the Chairman of the board.	Applied	64, 67, 83
8.2	The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.	Applied	88
8.3	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.	Applied	85, 87, 88
8.4 (Step up)	The Audit Committee should comprise solely of Independent Directors.	Not Adopted	-
8.5	Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.	Applied	64, 66-67, 73, 74, 83
9.1	The board should establish an effective risk management and internal control framework.	Applied	102-106, 108
9.2	The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.	Applied	102-106, 108
9.3 (Step up)	The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.	Adopted	91-93
10.1	The Audit Committee should ensure that the internal audit function is effective and able to function independently.	Applied	32, 63, 89, 90
10.2	The board should disclose– • whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence; • the number of resources in the internal audit department; • name and qualification of the person responsible for internal audit; and • whether the internal audit function is carried out in accordance with a recognised framework.	Applied	79, 86, 89, 90
PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS			
11.1	The board ensures there is effective, transparent and regular communication with its stakeholders.	Applied	2, 13, 16, 18, 19, 23, 27, 58-60, 99, 100
11.2	Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.	Applied	2,3, 101
12.1	Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	Applied	332
12.2	All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.	Applied	-
12.3	Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate– • voting including voting in absentia; and • remote shareholders' participation at General Meetings.	Departure	-

Detailed explanation on the application/departure/adoption of the principles and practices of the MCCG 2017 are explained in our Corporate Governance Report, which is available on our website, www.feldaglobal.com.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) Annual General Meeting of Felda Global Ventures Holdings Berhad ("FGV" or "the Company") will be held at the Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia on Thursday, 28 June 2018, at 11.00 a.m., or any adjournment thereof, for the transaction of the following business:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note 1

2. To approve the payment of Directors' fees amounting to RM2,462,499.16 in respect of the financial year ended 31 December 2017. **(Resolution 1)**

   Please refer to Explanatory Note 2

3. To approve the payment of a portion of Directors' fees payable to the Non-Executive Directors up to an amount of RM1,118,400.00 from 29 June 2018 until the next Annual General Meeting of the Company to be held in 2019. **(Resolution 2)**

   Please refer to Explanatory Note 3

4. To approve the payment of benefits payable to the Non-Executive Directors based on the remuneration structure as disclosed in Explanatory Note 4 for the period from 29 June 2018 until the next Annual General Meeting of the Company to be held in 2019. **(Resolution 3)**

   Please refer to Explanatory Note 4

5. To re-elect Dato' Zakaria Arshad who retires by rotation in accordance with Article 88 of the Company's Articles of Association and who, being eligible, offer himself for re-election. **(Resolution 4)**

   Please refer to Explanatory Note 5

6. To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (i) Dato' Ab Ghani Mohd Ali **(Resolution 5)**
   (ii) Dato' Sri Abu Bakar Harun **(Resolution 6)**
   (iii) Datuk Wira Azhar Abdul Hamid **(Resolution 7)**
   (iv) Datuk Dr. Salmiah Ahmad **(Resolution 8)**
   (v) Dr. Mohamed Nazeeb P.Alithambi **(Resolution 9)**
   (vi) Datuk Mohd Anwar Yahya **(Resolution 10)**
   (vii) Dr. Nesadurai Kalanithi **(Resolution 11)**

   Please refer to Explanatory Note 6

7. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to determine their remuneration. **(Resolution 12)**

   Please refer to Explanatory Note 7

As Special Business

To consider and if thought fit, to pass the following as Special Resolution:

8. **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY** **(Resolution 13)**

   "**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association (now known as the Constitution pursuant to the Companies Act, 2016) of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix II of the Circular to the Shareholders dated 30 April 2018 ("Constitution Circular") be hereby approved for adoption as the Constitution of the Company in substitution for and to the exclusion of all the existing Memorandum and Articles of Association thereof.

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be considered necessary and to assent to any modification, variation and/or amendment as may be required by the relevant authorities, to give full effect to the foregoing."

Please refer to Item 1 of the Explanatory Note on Special Business

To consider and if thought fit, to pass the following as Ordinary Resolutions:

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR FGV AND ITS GROUP OF COMPANIES ("FGV GROUP") AND PROPOSED SHAREHOLDERS' MANDATE FOR THE NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FGV GROUP** **(Resolution 14)**

"**THAT** subject always to the Companies Act, 2016, the Memorandum and Articles of Association (now known as the Constitution pursuant to the Companies Act, 2016) of FGV, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulatory authorities (where applicable), approval be and is hereby given to the Company and its subsidiaries to enter into all arrangements and/or transactions involving the interests of the related parties as specified in Appendix I of the Circular to the Shareholders dated 30 April 2018 ("RRPT Circular"), provided that such arrangements and/or transactions are:

(a) recurrent transactions of a revenue or trading nature;
(b) necessary for the day-to-day operations;
(c) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
(d) not detrimental to the minority shareholders of the Company;

("Proposed Mandates").

AND THAT the Proposed Mandates shall commence immediately upon passing of this ordinary resolution and continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which time the Proposed Mandates will lapse, unless the Proposed Mandates are renewed by a resolution passed at the next AGM of the Company; or
(ii) the expiration of the period within which the next AGM is required by law to be held; or
(iii) the Proposed Mandates are revoked or varied by a resolution passed by the Shareholders of the Company in a general meeting of the Company,

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and/or its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this resolution and the Proposed Mandates."

Please refer to Item 2 of the Explanatory Note on Special Business

10. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016** **(Resolution 15)**

"**THAT**, pursuant to Section 75 of the Companies Act, 2016 and subject always to the Company's Articles of Association, the Listing Requirements and approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be allotted and issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company as at the date of such allotment **AND THAT** the Directors be and are also hereby authorised to obtain all necessary approvals from the relevant authorities for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Please refer to Item 3 of the Explanatory Note on Special Business

11. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.

BY ORDER OF THE BOARD

KOO SHUANG YEN (MIA 7556)
Company Secretary
Kuala Lumpur
30 April 2018

NOTES:

1. **Proxy**

(i) A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, shall be entitled to appoint any person as his/her Proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the Proxy.

(ii) A Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

(iii) A Proxy need not be a Member. A Member shall not be precluded from attending and voting in person at any general meeting after lodging the Proxy Form. However, such attendance shall automatically revoke the Proxy's authority.

(iv) A Member may appoint up to two (2) Proxies to attend a general meeting of the Company. Where a Member appoints two (2) Proxies, the appointment of such Proxies shall not be valid unless the Member specifies the proportion of his/her shareholding to be represented by each of such Proxy. The instrument appointing a Proxy shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

(v) Where a Member is an exempt Authorised Nominee, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") there is no limit to the number of Proxies which the exempt Authorised Nominee may appoint in respect of each omnibus account it holds to vote instead of it, and that a Proxy need not also be a Member and that where a Member appoints more than one (1) Proxy, the appointment shall be invalid unless it specifies the proportion of its holdings to be represented by each Proxy. An exempt Authorised Nominee refers to an Authorised Nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(vi) **The instrument appointing a Proxy shall be deposited at the office of the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than Wednesday, 27 June 2018 at 1.00 p.m., and in default the instrument of Proxy shall not be treated as valid**.

2. **Members entitled to attend**

For purposes of determining a Member who shall be entitled to attend the Tenth (10th) AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Article 54 of the Company's Articles of Association and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at 18 June 2018. **Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 June 2018 shall be entitled to attend the said meeting or appoint a Proxy(ies) to attend and/or vote on such depositor's behalf**.

3. **Registration of Members/Proxies**

   Registration of Members/Proxies will start at 8.30 a.m. and will end at a time as directed by the Chairman of the meeting. Members/Proxies are required to produce original MYKAD (for Malaysian) or valid Passport (for non-Malaysian) for registration and requested to be punctual as the registration for attendance will be closed to facilitate the commencement of poll voting.

4. **Voting**

   Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the Tenth (10th) AGM of the Company will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling via e-voting process and to verify the results of the poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS:

Explanatory Note 1:

Audited Financial Statements for the financial year ended 31 December 2017

This agenda item is meant for presentation and discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016 and Article 125 of the Company's Articles of Association, the Audited Financial Statements do not require the formal approval of Shareholders and hence, will not be put for voting.

Explanatory Note 2:

Resolution 1 – Payment of Directors' fees for the financial year ended 31 December 2017

Section 230(1) of the Companies Act, 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the Shareholders' approval shall be sought at the Tenth (10th) AGM of the Company on the Directors' remuneration in three (3) separate resolutions as below:

- **Resolution 1** on payment of Directors' fees in respect of the preceding year 2017;
- **Resolution 2** on payment of a portion of Directors' fees payable to the Non-Executive Directors from 29 June 2018 until the next AGM of the Company in 2019 ("Relevant Period"); and
- **Resolution 3** on payment of benefits payable to the Non-Executive Directors in respect of the Relevant Period.

There is an increase in annual fees for the new Non-Executive Chairman (from RM560,000.00 to RM600,000.00). There is no increase on the other Non-Executive Directors' fees for the financial year ended 31 December 2017.

The Non-Executive Directors' Annual Fees structure are set out in the table below:

Board/Board Committee	Annual Fees
Board	- RM600,000.00 (Chairman) - RM120,000.00 (Non-Executive Directors)
Audit Committee	- RM64,000.00 (Chairman) - RM32,000.00 (Non-Executive Directors)
Nomination and Remuneration Committee	- RM35,000.00 (Chairman) - RM20,000.00 (Non-Executive Directors)
Special Board Committee	- RM36,000.00 (Chairman) - RM24,000.00 (Non-Executive Directors)
Other Board Committees	- RM32,000.00 (Chairman) - RM16,000.00 (Non-Executive Directors)

Please refer to Note 12 to the Audited Financial Statements in the Company's Annual Integrated Report 2017 for the amount of Directors' fees at the Company and Group levels, to be approved at this Tenth (10th) AGM of the Company. The detailed amount of the Directors' fees is set out in the Corporate Governance Overview Statement in the Company's Annual Integrated Report 2017.

Explanatory Note 3:

Resolution 2 – Directors' fees payable to the Non-Executive Directors

The proposed Resolution 2, if passed, will allow the Company to pay a portion of Directors' fees per month to the Non-Executive Chairman and the Non-Executive Directors for the Relevant Period. The breakdown is as follows:

	FGV	MSM Malaysia Holdings Berhad
Non-Executive Chairman	RM23,200.00 per month	RM20,000.00 per month
Non-Executive Directors	RM5,000.00 per month for each Non-Executive Director	Nil

Explanatory Note 4:

Resolution 3 – Benefits payable to the Non-Executive Directors

The Company is seeking Shareholders' approval on the benefits payable to the Non-Executive Directors for the Relevant Period in accordance with the remuneration structure (excluding Directors' fees) set out below:

Meeting Allowance	• Local: RM2,000.00 • Overseas (Flight time <= 8 hours): RM2,000.00 • Overseas (Flight time > 8 hours): RM5,000.00 • Teleconferencing: RM1,000.00
Other Benefits	• Company car allowance, driver, club membership, telecommunication device, meeting allowances for Non-Executive Chairman • Medical coverage, insurance coverage, travel expenses, benefits in kind and other claimable benefits

Payment of the benefits payable will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolution 3 is passed at the Tenth (10th) AGM of the Company. The Board is of the view that it is just and equitable for the Directors to be paid benefits payable on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.

Explanatory Note 5:

Resolution 4 – Re-election of Director who retires in accordance with Article 88 of the Company's Articles of Association

Article 88 of the Company's Articles of Association states that at each AGM one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1), shall retire from office. In addition, each Director shall retire at least once in every three (3) years but shall be eligible for re-election.

The Nomination and Remuneration Committee has recommended and the Board has approved the Director to stand for re-election.

Explanatory Note 6:

Resolution 5, 6, 7, 8, 9, 10 and 11 – Re-election of Directors who retire in accordance with Article 94 of the Company's Articles of Association

Article 94 of the Company's Articles of Association stipulates that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

The Directors standing for re-election have attended and successfully completed the Mandatory Accreditation Programmes as required by the Listing Requirements.

The independence of Datuk Dr. Salmiah Ahmad, Dr. Mohamed Nazeeb P.Alithambi, Datuk Mohd Anwar Yahya and Dr. Nesadurai Kalanithi who have served as Independent Non-Executive Directors of the Company has been assessed by the Nomination and Remuneration Committee and also affirmed by the Board to continue to act as Independent Non-Executive Directors of the Company.

Datuk Dr. Salmiah Ahmad, Dr. Mohamed Nazeeb P.Alithambi, Datuk Mohd Anwar Yahya and Dr. Nesadurai Kalanithi who are standing for re-election have not exceeded the nine (9) years tenure as Independent Directors.

The Nomination and Remuneration Committee has recommended and the Board has approved the Directors to stand for re-election.

Explanatory Note 7:

Resolution 12 – Re-appointment of Auditors

The present Auditors, Messrs. PricewaterhouseCoopers PLT ("PwC"), have indicated their willingness to continue their services for another year. The Audit Committee and the Board have considered the re-appointment of PwC as Auditors of the Company for the financial year ending 31 December 2018 and have collectively agreed that PwC has met the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements.

Abstention from Voting

(i) All the Non-Executive Directors who are Shareholders of the Company will abstain from voting on Resolution 1, 2 and 3 concerning Directors' fees and benefits payable at the Tenth (10^{th}) AGM of the Company.

(ii) The Directors referred to in Ordinary Resolution 4, 6, 7 and 9 who are Shareholders of the Company will abstain from voting on the resolution in respect of their re-election at the Tenth (10^{th}) AGM of the Company.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

1. **Resolution 13 - Proposed adoption of a new Constitution of the Company**

   The proposed Resolution 13, if passed, will streamline the Company's Constitution to be in line with the Companies Act, 2016 which was implemented with effect from 31 January 2017 and the Listing Requirements.

   The proposed new Constitution is set out in Appendix II of the Constitution Circular.

2. **Resolution 14 – Proposed Mandates**

   The proposed Resolution 14, if passed, will allow the Company and/or its subsidiary companies to enter into arrangements/ transactions involving the interests, direct or indirect, of the Related Parties, which are recurrent transactions of a revenue or trading nature necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority Shareholders of the Company.

   Detailed information on the Proposed Mandates is set out in the RRPT Circular.

3. **Resolution 15 - Authority for Directors to allot and issue shares**

   The proposed Resolution 15 is a new general mandate to be obtained from the Shareholders of the Company at this Tenth (10^{th}) AGM and, if passed, will empower the Directors pursuant to Section 75 of the Companies Act, 2016 to allot and issue ordinary shares in the Company of up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company as at the date of such allotment of shares without having to convene a general meeting.

   This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. The general mandate from Shareholders is to provide the Company flexibility to undertake any share issuance during the financial year without having to convene a general meeting.

   The rationale for this proposed mandate is to allow for possible share issue and/or fund raising exercises including placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on an urgent basis and thereby reducing administrative time and costs associated with the convening of additional Shareholders meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING
Made pursuant to Paragraph 8.27(2) of the Listing Requirements

The details of the following Director who is seeking re-election pursuant to Article 88 of the Company's Articles of Association are set out on page 64 of the Annual Integrated Report 2017:

1. Dato' Zakaria Arshad

The details of the following Directors who are seeking re-election pursuant to Article 94 of the Company's Articles of Association are set out on pages 64-67 of the Annual Integrated Report 2017:

1. Dato' Ab Ghani Mohd Ali
2. Dato' Sri Abu Bakar Harun
3. Datuk Wira Azhar Abdul Hamid
4. Datuk Dr. Salmiah Ahmad
5. Dr. Mohamed Nazeeb P.Alithambi
6. Datuk Mohd Anwar Yahya
7. Dr. Nesadurai Kalanithi

The details of the Directors' shareholdings in the Company are set out on pages 113 and 313 of the Annual Integrated Report 2017.

The details of the authority for Directors to allot and issue shares in the Company pursuant to Section 75 of the Companies Act, 2016 are provided under the Explanatory Note on Special Business in the Notice of AGM.

ADMINISTRATIVE DETAILS

for the Annual General Meeting ("AGM") of Felda Global Ventures Holdings Berhad ("the Company" or "FGV")

10TH ANNUAL GENERAL MEETING	Date	Time	Venue
	28 June 2018 (Thursday)	11.00 a.m.	Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia

1. **ENTITLEMENTS TO ATTEND, SPEAK AND VOTE**
   Only a depositor (Shareholder) whose name appears on the General Meeting Record of Depositors as at 18 June 2018 shall be entitled to attend, speak and vote at the AGM or appoint Proxies to attend, speak and vote on such depositor's behalf.

2. **PROXY**
   a. **The instrument appointing a Proxy (Proxy Form) shall be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than Wednesday, 27 June 2018 at 1.00 p.m.**
   b. If you are a Shareholder and wish to attend the AGM yourself, please do not submit any Proxy Form as you will not be allowed to attend the AGM together with a Proxy appointed by you.
   c. If you are a Shareholder and are unable to attend the AGM, and you wish to appoint a Proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
   d. If you are a Shareholder and have submitted your Proxy Form prior to the AGM and subsequently decided to personally attend the AGM, please proceed to the Help Desk on the day of the AGM to revoke the appointment of your Proxy.
   e. **Only original duly executed Proxy Form is acceptable.**
   f. **Proxy Form submitted via fax or email is not acceptable.**

3. **CORPORATE MEMBER**
   Any corporate member who wishes to appoint a representative instead of a Proxy to attend the AGM should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar of the Company **no later than Wednesday, 27 June 2018 at 1.00 p.m.**

4. **REGISTRATION**
   a. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll. **Registration will start at 8.30 a.m. and will end at a time as directed by the Chairman of the meeting.** The Shareholders and Proxies are requested to be punctual as the registration for attendance will be closed to facilitate the commencement of poll voting.
   b. Please read the signages to ascertain where you should register yourself as a Shareholder or Proxy for the meeting and join the queue accordingly.
   c. Please produce your **original MYKAD (for Malaysian) or valid Passport (for non-Malaysian)** to the registration staff for verification. **No photocopy of MYKAD or Passport will be accepted.** Please make sure you collect your MYKAD or Passport thereafter.
   d. **No person will be allowed to register on behalf of another person** even with the original MYKAD or Passport of that other person.
   e. You will be provided with an identification tag upon verification and registration.
   f. No person will be allowed to enter the meeting hall without the identification tag.
   g. The identification tag must be worn throughout the AGM.
   h. There will be no replacement in the event that you lose or misplace the identification tag.
   i. If you are attending the AGM as Shareholder as well as Proxy, you will be registered once and will be provided only one identification tag to enter the meeting hall.
   j. The registration counter will handle only verification of identity and registration. If you have any enquiries or in need of clarification, please proceed to the Help Desk.

ADMINISTRATIVE DETAILS

for the Annual General Meeting ("AGM") of Felda Global Ventures Holdings Berhad ("the Company" or "FGV")

5. HELP DESK

a. Please proceed to the Help Desk for any clarification or enquiry.

b. The Help Desk will also handle revocation of Proxy's appointment.

6. REFRESHMENTS

a. Each **Shareholder** who is present at the AGM will be entitled to one (1) Breakfast Voucher only upon registration.

b. Each **Proxy** who is present at the AGM will be entitled to one (1) Breakfast Voucher only upon registration (per head count), irrespective of the number of Shareholders he/she represents.

c. If you are a **Shareholder and also a Proxy** who is present at the AGM, you will be entitled to one (1) Breakfast Voucher only upon registration (per head count).

d. Please bring your Breakfast Voucher to the designated counter to collect your breakfast.

e. There will be no lunch provided to Shareholders or Proxies who attend the AGM.

7. DOOR GIFTS

a. Each **Shareholder** who is present at the AGM will be entitled to one (1) Gift Voucher only upon registration.

b. Each **Proxy** who is present at the AGM will be entitled to one (1) Gift Voucher only upon registration (per head count), irrespective of the number of Shareholders he/she represents.

c. If you are a **Shareholder and also a Proxy** who is present at the AGM, you will be entitled to one (1) Gift Voucher only upon registration (per head count).

d. Please bring your Gift Voucher to the Door Gifts Counter to collect your door gifts.

8. PARKING

a. FGV will provide parking at Park Rite, Naza Tower up to four (4) hours ONLY. Any cost incurred after the stipulated four (4) hours will be borne by the parking ticket holder. Shareholders are highly encouraged to use the Light Rail Transit ("LRT") to attend the AGM due to the surrounding construction and traffic obstruction.

b. Shareholders are encouraged to use the KELANA JAYA LINE LRT and disembark at the Ampang Park Station, which is about ten (10) minutes walking distance to the venue of the AGM. FGV will also not reimburse the LRT tickets.

9. ENQUIRIES FOR AGM

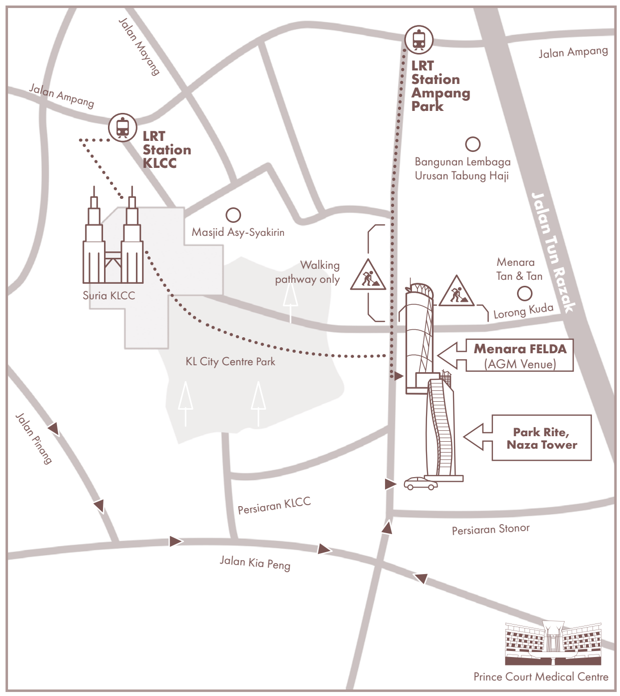
a. If you have any enquiry relating to the administrative details of the AGM, please contact our **Investor Relations and Enquiries** or our **Corporate Communications** during office hours:

Tel : +603 2859 0000
Fax : +603 2859 0016
E-mail : fgv.enquiries@feldaglobal.com

b. If you have any enquiry relating to the registration and Proxy Form, please contact our **Share Registrar** during office hours:

Tel (Help Desk) : +603 7849 0777
Fax : +603 7841 8151/8152
E-mail : ssr.helpdesk@symphony.com.my

10. LOCATION OF AGM VENUE



Walking Pathway

DETAILS OF ANNUAL GENERAL MEETING

FGV

PROXY FORM

CDS ACCOUNT NO.:	NO. OF SHARES HELD:

I/We ____
(Full name of a Member in BLOCK LETTERS as per Identity Card ("MYKAD")/Passport/Certificate of Incorporation)

MYKAD/Passport No. (for non-Malaysian)/Company No.: ____________ of ____________
(Address in full)

Telephone No. ____________ being a Member of Felda Global Ventures Holdings Berhad ("the Company"), hereby appoint ____________
(Full name of Proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. (for non-Malaysian): ____________ of ____________
(Address in full)

and/or failing him/her ____________
(Full name of Proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. (for non-Malaysian): ____________ of ____________
(Address in full)

or failing the abovenamed Proxies, the Chairman of the meeting, as my/our Proxy/Proxies to attend and vote for me/us on my/our behalf at the Tenth (10th) Annual General Meeting of the Company to be held at **Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia** on **Thursday, 28 June 2018,** at **11.00 a.m.** and at any adjournment thereof. My/our Proxy/Proxies is to vote as indicated below:

NO.	AGENDA			
1	To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.			
		RESOLUTION	**FOR**	**AGAINST**
2	To approve the payment of Directors' fees for the financial year ended 31 December 2017.	1		
3	To approve the payment of a portion of Directors' fees payable from 29 June 2018 until the next Annual General Meeting of the Company to be held in 2019.	2		
4	To approve the payment of benefits payable from 29 June 2018 until the next Annual General Meeting of the Company to be held in 2019.	3		
5	Re-election of Dato' Zakaria Arshad as Director pursuant to Article 88 of the Company's Articles of Association.	4		
6(i)	Re-election of Dato' Ab Ghani Mohd Ali as Director pursuant to Article 94 of the Company's Articles of Association.	5		
6(ii)	Re-election of Dato' Sri Abu Bakar Harun as Director pursuant to Article 94 of the Company's Articles of Association.	6		
6(iii)	Re-election of Datuk Wira Azhar Abdul Hamid as Director pursuant to Article 94 of the Company's Articles of Association.	7		
6(iv)	Re-election of Datuk Dr. Salmiah Ahmad as Director pursuant to Article 94 of the Company's Articles of Association.	8		
6(v)	Re-election of Dr. Mohamed Nazeeb P.Alithambi as Director pursuant to Article 94 of the Company's Articles of Association.	9		
6(vi)	Re-election of Datuk Mohd Anwar Yahya as Director pursuant to Article 94 of the Company's Articles of Association.	10		
6(vii)	Re-election of Dr. Nesadurai Kalanithi as Director pursuant to Article 94 of the Company's Articles of Association.	11		
7	Re-appointment of Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.	12		
8	Proposed adoption of a new Constitution of the Company.	13		
9	Proposed Mandates.	14		
10	Authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act, 2016.	15		

(Please indicate with an "X" in the space whether you wish your votes to be cast for or against the resolutions. In the absence of such specific instructions, your Proxy will vote or abstain as he/she thinks fit).

Dated this ________ day of ________ 2018.

The proportions of my/our holding to be represented by my/our Proxies are as follows :		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

____
Signature(s)/Common Seal of Member(s)

Notes:

1. **Proxy**

   (i) A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, shall be entitled to appoint any person as his/her Proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the Proxy.

   (ii) A Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

   (iii) A Proxy need not be a Member. A Member shall not be precluded from attending and voting in person at any general meeting after lodging the Proxy Form. However, such attendance shall automatically revoke the Proxy's authority.

   (iv) A Member may appoint up to two (2) Proxies to attend a general meeting of the Company. Where a Member appoints two (2) Proxies, the appointment of such Proxies shall not be valid unless the Member specifies the proportion of his/her shareholding to be represented by each of such Proxy. The instrument appointing a Proxy shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

   (v) Where a Member is an exempt Authorised Nominee, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") there is no limit to the number of Proxies which the exempt Authorised Nominee may appoint in respect of each omnibus account it holds to vote instead of it, and that a Proxy need not also be a Member and that where a Member appoints more than one (1) Proxy, the appointment shall be invalid unless it specifies the proportion of its holdings to be represented by each Proxy. An exempt Authorised Nominee refers to an Authorised Nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

   (vi) **The instrument appointing a Proxy shall be deposited at the office of the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than Wednesday, 27 June 2018 at 1.00 p.m., and in default the instrument of Proxy shall not be treated as valid.**

2. **Members entitled to attend**

   For purposes of determining a Member who shall be entitled to attend the Tenth (10th) Annual General Meeting of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Article 54 of the Company's Articles of Association and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at 18 June 2018. **Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 June 2018 shall be entitled to attend the said meeting or appoint a Proxy(ies) to attend and/or vote on such depositor's behalf.**

3. **Registration of Members/Proxies**

   Registration of Members/Proxies will start at 8.30 a.m. and will end at a time as directed by the Chairman of the meeting. Members/Proxies are required to produce original MYKAD (for Malaysian) or valid Passport (for non-Malaysian) for registration and requested to be punctual as the registration for attendance will be closed to facilitate the commencement of poll voting.

4. **Voting**

   Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Tenth (10th) Annual General Meeting of the Company will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling via e-voting process and to verify the results of the poll.

Fold Here

FGV

Annual General Meeting
Felda Global Ventures Holdings Berhad
28 June 2018

STAMP

Share Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold Here

www.feldaglobal.com

FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

Level 45, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia.
t (603) 2859 0000 | f (603) 2859 0016