



**FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)**

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 31 March 2017**



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT**

**On consolidated results for the first quarter ended 31 March 2017**

The Directors are pleased to announce the following:

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

	Note	Year to date ended 31 March		% + / (-)
		2017 RM'000	2016 RM'000 (Restated)	
Revenue		4,323,205	3,755,449	15.1
Cost of sales		(3,946,877)	(3,488,275)	(13.1)
<b>Gross profit</b>		<b>376,328</b>	<b>267,174</b>	<b>40.9</b>
Other operating income		30,771	39,880	(22.8)
Selling and distribution costs		(77,157)	(80,127)	3.7
Administrative expenses		(220,003)	(259,169)	15.1
Other operating expenses		(38,750)	(12,686)	<100
Commodity gains, net		18,152	23,686	(23.4)
<b>Operating profit/(loss)</b>		<b>89,341</b>	<b>(21,242)</b>	<b>&gt;100</b>
Fair value changes in Land Lease Agreement ("LLA") liability		(97,500)	(89,716)	(8.7)
<b>Operating loss after LLA</b>	15	<b>(8,159)</b>	<b>(110,958)</b>	<b>92.6</b>
Finance income		7,207	1,859	>100
Finance costs		(40,514)	(48,193)	15.9
Share of results from associates		6,140	4,477	37.1
Share of results from joint ventures		4,070	70,989	(94.3)
<b>Loss before zakat and taxation</b>		<b>(31,256)</b>	<b>(81,826)</b>	<b>61.8</b>
Zakat		(409)	(367)	(11.4)
Taxation	16	229	4,140	(94.5)
<b>Loss for the financial period</b>		<b>(31,436)</b>	<b>(78,053)</b>	<b>59.7</b>
<b>Loss attributable to:</b>				
-Owners of the Company		2,469	(81,077)	>100
-Non-controlling interests		(33,905)	3,024	<100
		<b>(31,436)</b>	<b>(78,053)</b>	<b>59.7</b>
Earnings per share for loss attributable to the the owners of the Company:				
Basic (sen)	21	0.1	(2.2)	
<b>Other comprehensive gain/(loss)</b>				
Share of other comprehensive income/( loss) of joint ventures		2,892	(7,471)	
Actuarial loss on defined benefit plan		(396)	-	
Fair value changes in available-for-sale financial assets		1,835	1,503	
Currency translation differences		(8,448)	(81,622)	
Other comprehensive loss for the financial period, net of tax		(4,117)	(87,590)	
<b>Total comprehensive loss for the financial period</b>		<b>(35,553)</b>	<b>(165,643)</b>	<b>77.4</b>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the first quarter ended 31 March 2017 (continued)**

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

	<b>Year to date ended</b>		
	<b>31 March</b>		
	<b>2017</b>	<b>2016</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>+ / (-)</b>
		(Restated)	
<b>Total comprehensive loss attributable to:</b>			
- Owners of the Company	(4,445)	(167,566)	97.3
- Non-controlling interests	(31,108)	1,923	<100
<b>Total comprehensive income loss for the financial period</b>	<u>(35,553)</u>	<u>(165,643)</u>	78.5

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the first quarter ended 31 March 2017 (continued)**

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

	Note	Unaudited As at 31 March 2017	Audited As at 31 December 2016
<b><u>Non-current assets</u></b>			
Property, plant and equipment		10,193,140	10,073,774
Investment properties		117,644	127,017
Intangible assets		1,577,723	1,576,033
Interests in associates		263,016	260,700
Interests in joint ventures		625,192	628,071
Amount due from a joint venture		20,914	20,914
Biological assets		33,706	29,044
Prepaid lease payments		75,355	75,710
Deposit and other receivables		82,637	107,661
Deferred tax assets		762,809	779,421
Available-for-sale financial assets		157,974	154,810
Loan due from a joint venture		75,970	54,222
		<u>13,986,080</u>	<u>13,887,377</u>
<b><u>Current assets</u></b>			
Inventories		2,016,351	2,189,255
Receivables		1,453,155	1,755,127
Amount due from a significant shareholder		213,685	182,531
Amount due from joint ventures		344,280	524,429
Amount due from an associate		21	214
Amounts due from related companies		405,487	172,625
Tax recoverable		226,766	189,700
Available-for-sale financial assets		161,591	159,431
Financial assets at fair value through profit or loss		65,018	58,322
Derivative financial assets	18	2,961	5,489
Deposits, cash and bank balances		<u>1,872,777</u>	<u>1,854,054</u>
		6,762,092	7,091,177
Assets held for sale		<u>46,060</u>	<u>48,132</u>
		<u>6,808,152</u>	<u>7,139,309</u>
<b>Total assets</b>		<u><u>20,794,232</u></u>	<u><u>21,026,686</u></u>
<b><u>Equity</u></b>			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Treasury shares		(1,059)	(1,059)
Reserves		<u>(1,228,848)</u>	<u>(1,224,403)</u>
<b>Equity attributable to owners of the Company</b>		<u>5,789,930</u>	<u>5,794,375</u>
Non-controlling interests		<u>2,372,058</u>	<u>2,403,166</u>
<b>Total equity</b>		<u><u>8,161,988</u></u>	<u><u>8,197,541</u></u>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the first quarter ended 31 March 2017 (continued)**

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

	Note	Unaudited As at 31 March 2017	Audited As at 31 December 2016
<b><u>Non-current liabilities</u></b>			
Borrowings	17	326,249	198,992
Loan due to a significant shareholder	17	1,480,417	1,475,799
LLA liability		4,077,047	4,125,032
Provision for asset retirement		33,024	32,129
Provision for defined benefit plan		72,163	71,907
Deferred tax liabilities		787,710	832,908
		6,776,610	6,736,767
<b><u>Current liabilities</u></b>			
Payables		1,055,791	1,460,240
Loan due to a significant shareholder	17	229,132	213,206
Amount due to a significant shareholder		264,594	399,190
Amount due to associates		-	167
Amount due to joint ventures		59	6
Amounts due to related companies		55,666	11,433
Borrowings	17	3,842,998	3,692,140
Derivative financial liabilities	18	4,260	19,434
Provision for asset retirement		708	718
Other provision		32,787	-
LLA liability		351,920	282,532
Current tax liabilities		12,231	7,715
		5,850,146	6,086,781
Liabilities related to assets held for sale		5,488	5,597
		5,855,634	6,092,378
<b>Total liabilities</b>		12,632,244	12,829,145
<b>Total equity and liabilities</b>		20,794,232	21,026,686
		<b>As at 31 March 2017</b>	<b>As at 31 December 2016</b>
Net assets per share attributable to owners of the Company		1.59	1.59

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

	<u>Note</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Year to date ended 31 March 2017</b>											
At 1 January 2017		3,648,152*	3,371,685	(1,059)	215,241	(3,060,790)	14,319	1,606,827	5,794,375	2,403,166	8,197,541
Loss for the financial period		-	-	-	-	-	-	2,469	2,469	(33,905)	(31,436)
Other comprehensive (loss)/income for the financial period, net of tax:											
<u>Items that will not be reclassified to profit or loss</u>											
- actuarial loss on defined benefit plan		-	-	-	-	-	-	(396)	(396)	-	(396)
<u>Items that will be subsequently reclassified to profit or loss</u>											
- currency translation differences		-	-	-	(11,102)	-	-	-	(11,102)	2,654	(8,448)
- available-for-sale fair value changes		-	-	-	-	-	1,692	-	1,692	143	1,835
- share of other comprehensive income of joint ventures		-	-	-	2,892	-	-	-	2,892	-	2,892
		-	-	-	(8,210)	-	1,692	-	(6,518)	2,797	(3,721)
Total other comprehensive (loss)/income for the financial period		-	-	-	(8,210)	-	1,692	2,073	(4,445)	(31,108)	(35,553)
At 31 March 2017		3,648,152*	3,371,685	(1,059)	207,031	(3,060,790)	16,011	1,608,900	5,789,930	2,372,058	8,161,988



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

	<u>Note</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Year to date ended 31 March 2016</b>										
At 1 January 2016, as previously stated		3,648,152*	3,371,685	193,521	(2,088,969)	18,937	1,303,521	6,446,847	2,538,622	8,985,469
Effects of change in accounting policy		-	-	-	(971,821)	-	389,096	(582,725)	(26,948)	(609,673)
Effects of correction in error		-	-	-	-	-	(36,819)	(36,819)	-	(36,819)
At 1 January 2016, as restated		3,648,152*	3,371,685	193,521	(3,060,790)	18,937	1,655,798	5,827,303	2,511,674	8,338,977
Loss for the financial period		-	-	-	-	-	(81,077)	(81,077)	3,024	(78,053)
Other comprehensive (loss)/income for the financial period, net of tax:										
<u>Items that will be subsequently reclassified to profit or loss</u>										
- currency translation differences		-	-	(80,394)	-	-	-	(80,394)	(1,228)	(81,622)
- available-for-sale fair value changes		-	-	-	-	1,376	-	1,376	127	1,503
- share of other comprehensive loss of joint ventures		-	-	(7,471)	-	-	-	(7,471)	-	(7,471)
		-	-	(87,865)	-	1,376	-	(86,489)	(1,101)	(87,590)
Total other comprehensive (loss)/income for the financial period		-	-	(87,865)	-	1,376	(81,077)	(167,566)	1,923	(165,643)
At 31 March 2016		3,648,152	3,371,685	105,656	(3,060,790)	20,313	1,574,721	5,659,737	2,513,597	8,173,334

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

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

	<b>Year to date ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
		(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss for the financial period</b>	(31,436)	(78,053)
Adjustments for non-cash items	338,599	205,065
<b>Operating profit before working capital changes</b>	307,163	127,012
Changes in working capital	(127,359)	330,893
<b>Cash generated from operations</b>	179,804	457,905
Interest received	7,207	1,859
Taxation (paid)/refund	(27,001)	18,502
Zakat paid	(409)	(367)
Retirement benefits paid	(63)	(62)
<b>Net cash generated from operating activities</b>	159,538	477,837
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(281,009)	(142,796)
Purchase of biological assets	(6,269)	(18,735)
Purchase of intangible asset	(9,200)	(3,397)
Purchase of prepaid lease payments	-	(4,682)
Proceeds from disposal of property, plant and equipment	-	45
Proceeds from disposal of assets held for sale	-	9
Proceeds from sales of available-for-sale financial assets	17,660	-
Additions of available-for-sale financial assets	(19,671)	-
Additions of financial assets at fair value through profit or loss	(1,538)	-
Payment for asset retirement obligations	(9)	-
Acquisition of subsidiaries	-	(278,618)
Dividend received from associates	767	2,844
Dividend received from available-for-sale financial assets	3	84
<b>Net cash used in investing activities</b>	(299,266)	(445,246)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended 31 March	
	2017 RM'000	2016 RM'000 (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	1,601,285	4,116,447
Repayment of borrowings	(1,321,391)	(4,144,176)
Repayment of LLA liability	(76,097)	(62,692)
Loan to joint ventures	(21,748)	-
Finance costs paid	(20,466)	(22,076)
<b>Net cash generated from/(used in) financing activities</b>	<b>161,583</b>	<b>(112,497)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21,855</b>	<b>(79,906)</b>
Effect of foreign exchange rate changes	(4,452)	(22,301)
Cash and cash equivalents at beginning of the financial period	1,854,054	2,008,539
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,871,457</b>	<b>1,906,332</b>
Deposits, cash and bank balances	1,872,777	2,400,828
Less: Assets held for sale	(1,320)	-
Less: Fixed deposits pledged	-	(494,496)
Cash and cash equivalents at end of the period	1,871,457	1,906,332

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



## FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

### QUARTERLY REPORT (CONTINUED)

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

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

The Unaudited Condensed Interim Financial Information should be read in conjunction with FGVH audited financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the Unaudited Condensed Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

#### **1. Basis of Preparation**

##### (a) General

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

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

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

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

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**2. Seasonal or Cyclical Factors**

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

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

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

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

**4. Material Changes in Estimates**

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

**5. Debt and Equity Securities**

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

**6. Dividends**

No dividend has been paid during the quarter ended 31 March 2017.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**7. Segment Information**

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

The EXCO considers the business by product related activities. The reportable segments for the financial period ended 31 March 2017 have been identified as follows:

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

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

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

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

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

<b>Year to date ended 31 March 2017</b>	<b>Plantation</b>	<b>Sugar</b>	<b>Logistics and Others</b>	<b>Reconciliation</b>	<b>Total</b>
Total segment revenue	5,216,682	1,271,000	512,076	(2,676,553)	4,323,205
Less : Inter-segment revenue	(1,943,205)	(621,274)	(112,074)	2,676,553	-
Revenue from external customers	<u>3,273,477</u>	<u>649,726</u>	<u>400,002</u>	-	<u>4,323,205</u>
Finance income	2,952	4,573	16	(334)	7,207
Finance costs	(14,429)	(4,494)	(1,132)	(20,459)	(40,514)
Depreciation and amortisation	(127,708)	(13,257)	(23,195)	(3,701)	(167,861)
Fair value changes in LLA liability	(97,500)	-	-	-	(97,500)
Share of results of joint ventures	3,560	-	-	510	4,070
Share of results of associates	(77)	-	-	6,217	<u>6,140</u>
(Loss)/profit before zakat and taxation for the financial period	(904)	(23,162)	9,753	(16,943)	<u>(31,256)</u>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

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

<b>Year to date ended 31 March 2016 (Restated)</b>	<b>Plantation</b>	<b>Sugar</b>	<b>Logistics and Others</b>	<b>Reconciliation</b>	<b>Total</b>
Total segment revenue	4,343,943	592,776	345,951	(1,527,221)	3,755,449
Less : Inter-segment revenue	(1,404,391)	(38,943)	(83,887)	1,527,221	-
Revenue from external customers	<u>2,939,552</u>	<u>553,833</u>	<u>262,064</u>	-	<u>3,755,449</u>
Finance income	3,963	470	(854)	(1,720)	1,859
Finance costs	(19,451)	(2,525)	(518)	(25,699)	(48,193)
Depreciation and amortisation	(128,263)	(11,200)	(28,466)	(3,491)	(171,420)
Fair value changes in LLA liability	(89,716)	-	-	-	(89,716)
Share of results of joint ventures	70,211	-	-	778	70,989
Share of results of associates	97	-	-	4,380	<u>4,477</u>
(Loss)/profit before zakat and taxation for the financial period	(82,165)	61,600	(11,287)	(49,974)	<u>(81,826)</u>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**8. Capital Commitments**

Authorised capital expenditure not provided for are as follows:

	<b>As at 31 March 2017</b>	<b>As at 31 December 2016</b>
Property, plant and equipment:		
- contracted	544,241	703,445
- not contracted	526,853	704,410
	<u>1,071,094</u>	<u>1,407,855</u>
Bearer plant:		
- contracted	94,495	87,958
- not contracted	7,381	18,094
	<u>101,876</u>	<u>106,052</u>
Intangible assets:		
- not contracted	<u>1,228</u>	<u>-</u>

**9. Significant Related Party Transactions**

Federal Land Development Authority ("FELDA"), a significant shareholder of the Group, effectively owns 33.7% of the issued share capital of the Company. FELDA is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of FRS 124 – "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group.

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

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

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 31 March 2017 and 31 March 2016 are as follows:

a) Sales of goods and services

	Year to date ended 31 March	
	2017	2016
(i) Transactions with joint ventures		
Sales of Palm Processed Oil ("PPO") and Palm Fatty Acid Distillate ("PFAD") by Felda Global Ventures Trading Sdn. Bhd. ("FGVT") to Felda Iffco Sdn. Bhd. ("FISB Group")	45,333	-
Sales of CPO by Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	465,375	243,240
Sales of Crude Palm Kernel Oil ("CPKO"), Refined Bleached Deodorised Palm Kernel Oil ("RBDPKO") and Palm Kernel Fatty Acid Distillate ("PKFAD") by Felda Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	497,125	261,632
Sales of CPO by FGVPM to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	103,513	82,880
(ii) Transaction with associates		
Sales of PPO by FGVT to F.K.W. Global Commodities (Private) Limited ("FKW")	11,064	5,672



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**9. Significant Related Party Transactions (continued)**

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

(a) Sales of goods and services (continued)

	Year to date ended 31 March	
	2017	2016
(iii) Transaction with FELDA Group		
Sales of fertiliser by FPM Sdn. Bhd. ("FPMSB")	62,270	100,576
Maintenance and consultancy services by Felda Engineering Services Sdn. Bhd. ("FESSB")	15,014	6,608

(b) Purchase of goods and services

Transaction with FELDA Group:

LLA liability paid by FGVPM	76,097	62,692
Interest expense charged by FELDA	20,544	23,089
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRISB")	49,085	21,824
Purchase of FFB by FGVPM	795,618	494,622
Building rental charged by FELDA	11,746	7,120

(c) Transactions with Government related entities

Transactions between subsidiaries and  
other government agencies:

Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	22,699	34,168
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## FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

### QUARTERLY REPORT (CONTINUED)

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

#### 10. Effect of Significant Changes in the Composition of FGVH

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

#### 11. Contingent Liabilities and Material Litigation

- (i) On 3 September 2010, FPISB and FELDA were sued by 514 settlers of Felda Serting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for the year 2008 only. The learned Seremban High Court Judge on 26 June 2015 has dismissed the Plaintiffs' claim with costs. The Court awarded costs of the sum of RM1,000 per Plaintiff, to be paid to the Defendants. There are 370 remaining Plaintiffs, from the original 766 Plaintiffs, as a portion of them have duly withdrawn and passed away. Therefore, costs awarded to the Defendants amounting to RM370,000. The learned Judge delivered her brief grounds of judgment, the Court found that the Plaintiffs have failed to prove their claim for fraud, conspiracy to defraud and breach of trust. On 22 July 2015, Defendants filed an appeal to Court of Appeal against the whole decision of the Seremban High Court. The Court of Appeal has heard the Plaintiffs' appeal and submissions from both parties on 13 and 14 April 2016. On 31 March 2017, Court of Appeal delivered its decision that the Plaintiffs' (Appellants) appeal dismissed with cost RM100,000 to be paid to Defendants (Respondents).
- (ii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year the 2008 only. This case was called for mention on 18 September 2013 and the Judge has ordered the Plaintiffs to determine who actually has the locus standi to sue in this suit and to determine which Plaintiffs have signed agreements with Felda. The clarification has been completed and the matter which has been fixed previously for decision on 24 October 2016 has been vacated. On 30 November 2016, Temerloh High Court delivered its decision of which dismissed the entire Plaintiffs' claim with cost amounting to RM200,000 to be paid to Defendants. Court found that the Plaintiffs have failed to prove their claim for fraud, conspiracy to defraud and breach of trust. On 14 December 2016, Plaintiffs have filed appeal being not satisfied with the High Court's decision. Court of Appeal has yet to fix dates to hear the appeal.
- (iii) On 10 November 2011, FPISB and FELDA were sued by 365 settlers of Felda Jengka 1 to 7, 10, 13 to 19, 23 to 24, Felda Ulu Jempol and Felda Sg. Tekam Utara (Jengka B) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM11.7 million for the year 2008 only. The Court had on 19 April 2012 allowed an order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with costs. The Temerloh High Court has vacated all the dates fixed previously for trial. The matter is now has yet to be fixed with new trial dates. On 28 September 2016, Plaintiffs filed application to amend statement of defence and was allowed by the Court. Defendants appealed on the high court's decision allowing the amendment of statement of claim ("SOC"). On 17 February 2017, Plaintiffs' application to amend SOC was allowed. Defendants, on 2 March 2017 filed an appeal on the objection of the amendment of SOC. Dismissed. This case will be heard with the amended SOC.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**11. Contingent Liabilities and Material Litigation (continued)**

On May 26, 2017, Plaintiffs had withdrawn all the claims filed against the Defendants. The Temerloh High Court later ordered the entire settler's claims to be struck out with no liberty to file fresh. In this case, the settlers demanded special damages, general damages and exemplary damages as well as interest for alleging FELDA and FPISB for fraud, breach of trust, conspiracy, mischief, misrepresentation etc. for the determination of OER. All 364 settlers of Jengka B have been ordered to pay the costs of RM 30,000 to FELDA and FPISB.

- (iv) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for the year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a Statement of Defence on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. On 27 April 2017, Temerloh High Court had delivered its decision of which Court dismissed the Plaintiffs' claim with cost to be paid to the Defendants amounting to RM405,500. The Court found that the Plaintiffs have failed to prove their claim for fraud, conspiracy to fraud and breach of trust.
- (v) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for the year 2008 only. FPISB has to file a Memorandum of Appearance in High Court on 16 May 2012. On 16 November 2016, Kuantan High Court delivered its decision dismissed the entire Plaintiffs' claim with cost RM300,000 to be paid to the Defendants. The Court found out that Plaintiffs have failed to prove their claim for fraud, conspiracy to defraud and breach of trust. On 14 December 2016, Plaintiffs have filed appeal being not satisfied with the High Court's decision. Court of Appeal had fixed dates to hear Plaintiffs' appeal on 24 and 25 October 2017.
- (vi) On 5 June 2012, FPISB and FELDA were sued by 956 settlers of Rancangan Felda Keratong 1 to 10 for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM30.9 million for the year 2008 only. FPISB has filed a Memorandum of Appearance in High Court on 26 June 2012. The matter was heard on 22 to 26 June 2015 and continued on 29 to 30 June 2015 and 1 to 3 July 2015. The Court has heard the case and completed. On 27 to 29 July 2016, Plaintiffs filed application to amend statement of claim and was allowed by the Court. Defendants appealed on the High Court's decision allowing the amendment of statement of claim. This matter was heard on the Plaintiffs' application for Recusal Application on 3 March 2017. Court allowed Plaintiffs' application. Kuantan High Court has fixed this matter for continued trial on 8 August 2017 and 4 September 2017.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2017 (continued)**  
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**11. Contingent Liabilities and Material Litigation (continued)**

- (vii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The claim amounted to RM11.3 million for the year 2008 only. The matter which was fixed for trial on 22 to 26 September 2014 have been vacated to give priority to hear Jengka A case. The Temerloh High Court has vacated all the dates fixed previously for trial. On 28 September 2016, Plaintiffs filed application to amend statement of defence and was allowed by the Court. Defendants appealed on the high court's decision allowing the amendment of SOC. On 17 February 2017, Plaintiffs' application to amend the statement of claim was allowed. Defendants, on 2 March 2017, filed an appeal on the objection of the amendment of SOC. Dismissed. This case will be heard with the amended SOC.

On May 26, 2017, Plaintiffs had withdrawn all the claims filed against the Defendants. The Temerloh High Court later ordered the entire settler's claims to be struck out with no liberty to file fresh. In this case, the settlers demanded special damages, general damages and exemplary damages as well as interest for alleging FELDA and FPISB for fraud, breach of trust, conspiracy, mischief, misrepresentation etc. for the determination of OER. All 350 settlers of Mempaga have been ordered to pay the costs of RM 30,000 to FELDA and FPISB.

The remaining claims are not material to be disclosed in the financial statements and deemed remote by the Directors. The above amounts are shown at gross before accounting for non-controlling interests and effects of the five years indemnity provided by Koperasi Permodalan Felda Berhad ("KPF") in December 2013 as part of the acquisition of KPF's interest in FHB.

Based on available information and on legal advices received, the Directors are of the view that there is a reasonable chance of defending all the above claims and therefore, no provision has been made in the financial statements. The Directors wish to clarify that the Group calculates the Graded Oil Extraction Rate ("OER") in compliance with Malaysian Palm Oil Board Guidelines.

The Graded OER is derived as follows:

Basic OER	A
Less: Penalty as per MPOB Guidelines*	<u>B</u>
Graded OER	<u>C</u>

\* Penalty refers to unripe bunch, long stalk bunch, dirty bunch, old bunch, empty bunch and rotten bunch.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**12. Review of Group Performance**

	<b>Year to date ended</b>		<b>% + / (-)</b>
	<b>31 March</b>		
	<b>2017</b>	<b>2016 Restated</b>	
Revenue	<u>4,323,205</u>	<u>3,755,449</u>	15.1
Plantation	(904)	(82,165)	(98.9)
Sugar	(23,162)	61,600	<100
Logistics and Others	<u>9,753</u>	<u>(11,287)</u>	>100
Sector results	(14,313)	(31,852)	55.1
Reconciliation	<u>(16,943)</u>	<u>(49,974)</u>	66.1
Loss before zakat and taxation	(31,256)	(81,826)	61.8
Zakat	(409)	(367)	(11.4)
Taxation	<u>229</u>	<u>4,140</u>	94.5
Loss for the financial period	<u>(31,436)</u>	<u>(78,053)</u>	59.7
Loss attributable to:			
Owners of the Company	2,469	(81,077)	>100
Non-controlling interests	<u>(33,905)</u>	<u>3,024</u>	<100
Loss for the financial period	<u>(31,436)</u>	<u>(78,053)</u>	59.7

**Overall**

Group revenue for the first quarter ended 31 March 2017 was RM4.32 billion, increased by 15.1% compared to RM3.76 billion reported last year. The Group recorded a lower loss before taxation of RM31.26 million compared to RM81.83 million losses reported last year as a result of higher average CPO and related products' price realised in the first quarter of 2017.

The continuous higher raw sugar material cost coupled with weakening Ringgit affected the result of Sugar Sector adversely. In addition, the impairment of receivables and provision for litigation loss recognised in Plantation Sector had impacted the result of the Group for the financial period ended 31 March 2017.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

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

**13. Review of Group Performance (continued)**

**Segment Performance Analysis**

**(a) Plantation Sector**

Plantation Sector recorded a lower loss of RM0.90 million for the financial period ended 31 March 2017 compared to RM82.17 million losses recorded last year. This was mainly attributable to higher average CPO price realised of RM3,061 per mt compared to RM2,303 per mt realised in 2016 despite lower CPO sales volume. FFB production has increased from 0.78 million mt in 2016 to 0.80 million mt in 2017 but lower OER at 19.82% was achieved compared to 20.56% achieved in the previous year.

Higher margin was recorded by downstream operation as a result of higher average price achieved in RBDPKO, CPKO and fatty acid business whilst lower foreign exchange loss by RM19.0 million in fertiliser business had improved the Sector's result.

The improvement in the result was eroded by impairment of receivables and provision for litigation loss of RM29.61 million and RM32.79 million respectively and lower gain in foreign exchange by RM34.6 million.

**(b) Sugar Sector**

Sugar Sector's recorded a loss of RM23.16 million compared to a profit of RM61.60 million last year mainly attributable to higher raw sugar material cost and weakening Ringgit despite improved selling price and higher domestic sales volume.

**(c) Logistics and Others Sector**

The Logistics and Others Sector improved from RM11.29 million losses in previous year to a profit of RM9.75 million mainly attributable to higher tonnage carried by Group's transport operation in tandem with the increase in CPO production volume and higher income from IT services.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

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

	Year to date ended		% + / (-)
	31 March 2017	31 December 2016 Restated	
Revenue	<u>4,323,205</u>	<u>5,154,384</u>	(16.1)
Plantation	(904)	295,697	<100
Sugar	(23,162)	19,316	<100
Logistics and Others	<u>9,753</u>	<u>(3,349)</u>	>100
Sector results	(14,313)	311,664	<100
Reconciliation	<u>(16,943)</u>	<u>(95,072)</u>	82.2
(Loss)/profit before zakat and taxation	(31,256)	216,592	<100
Zakat	(409)	(16,658)	(97.5)
Taxation	<u>229</u>	<u>(107,688)</u>	>100
(Loss)/profit for the financial period	<u>(31,436)</u>	<u>92,246</u>	<100
(Loss)/profit attributable to:			
Owners of the Company	2,469	112,455	(97.8)
Non-controlling interests	<u>(33,905)</u>	<u>(20,209)</u>	(67.8)
(Loss)/profit for the financial period	<u>(31,436)</u>	<u>92,246</u>	<100

**Overall**

Group revenue for the quarter ended 31 March 2017 was 16.1% lower compared to preceding quarter. The Group incurred a loss before zakat and taxation of RM31.26 million compared to a profit of RM216.59 million in the preceding quarter mainly attributable to fair value gain in LLA of RM139.00 million registered in previous quarter compared to fair value charge of RM97.50 million in current quarter. The Group's results were also impacted by lower volume of refined sugar, higher raw sugar cost and impairment of receivables and provision for litigation loss amounted to RM62.40 million recognised in Plantation Sector.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

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

**(a) Plantation Sector**

The Plantation Sector reported a loss of RM0.90 million compared to a profit of RM295.70 million in preceding quarter mainly due to fair value charge in LLA registered in current quarter of RM97.50 million compared to fair value gain of RM139.00 million in preceding quarter. In addition, impairment of receivables and provision for litigation loss amounted to RM62.40 million recognised in current quarter had dragged down the Sector's result. Excluding the above effect, the Sector's profit increased marginally by 1.5% to RM159.00 million from RM156.70 million in preceding quarter.

Operationally, CPO sales registered for the quarter decreased to 0.35 million mt against that of the preceding quarter of 0.45 million mt but was partially offsetted by higher average CPO price of RM3,061 per mt in current quarter compared to RM2,835 per mt in preceding quarter and higher margin achieved in downstream operation. CPO production was 23.2% lower in tandem with lower FFB production of 0.80 million mt in current quarter compared to 0.93 million in preceding quarter. OER achieved was 19.82% in current quarter compared to 20.73% achieved in preceding quarter.

**(b) Sugar Sector**

Sugar Sector's result was down to RM23.16 million losses from RM19.32 million profit in preceding quarter due to lower demand of refined sugar from domestic and industries market coupled with higher raw sugar material cost.

**(c) Logistics and Others Sector**

The Logistics and Others Sector improved from a loss of RM3.35 million in the preceding quarter to a profit of RM9.75 million in current quarter. This was mainly attributable to fair value gain in derivatives for rubber operation but offset with lower margin in current quarter.

Lower contribution from bulking activities in current quarter had further offset the profit. Profit from preceding quarter for bulking activities was higher due to positive adjustment on yearly rental income and shortfall penalties on minimum throughput income.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

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

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

**15. Operating Profit after LLA**

	<b>Year to date ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
		(Restated)
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	155,511	155,015
Property, plant and equipment written off	5,210	11,327
Depreciation of investment properties	2,965	3,220
Amortisation of intangible assets	7,915	10,798
Amortisation of prepaid lease payments	720	1,149
Amortisation of biological assets	750	1,238
Impairment of receivables	34,331	-
Provision for litigation loss	32,787	-
Net unrealised foreign exchange gain	<u>(2,894)</u>	<u>(9,257)</u>

**16. Taxation**

	<b>Year to date ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
		(Restated)
<b>Malaysian income tax</b>		
Current financial period	5,549	(2,578)
<b>Foreign income tax</b>		
Current financial period	(1,306)	(2,857)
<b>Deferred tax</b>	<u>(4,014)</u>	<u>9,575</u>
	<u>229</u>	<u>4,140</u>

The effective tax rate of 1% for the financial period ended 31 March 2017 is lower than the Malaysian income tax rate of 24% due to certain expenses which are not allowable and deferred tax assets not recognised on losses in certain subsidiaries.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**17. Borrowings**

The total unsecured borrowings are as follows:

<u>Long-term borrowings</u>	<b>As at 31 March 2017</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
Loan due to a significant shareholder	-	1,480,417	1,480,417
Islamic term loans	317,380	7,559	324,939
Term loans	847	-	847
Finance lease liabilities	463	-	463
	<u>318,690</u>	<u>1,487,976</u>	<u>1,806,666</u>
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	229,132	229,132
Islamic term loans	-	1,665	1,665
Term loans	980	-	980
Islamic short term trade financing	-	3,153,168	3,153,168
Short term trade financing	55,169	631,652	686,821
Finance lease liabilities	18	346	364
	<u>56,167</u>	<u>4,015,963</u>	<u>4,072,130</u>
Total borrowings	<u>374,857</u>	<u>5,503,939</u>	<u>5,878,796</u>

Borrowings in RM equivalent analysed by currencies in which the borrowings are denominated are as follows:

Ringgit Malaysia	5,126,828
United States Dollar	672,958
Thai Baht	16,238
Great Britain Pound	59,913
Singapore Dollar	2,859
Total borrowings	<u>5,878,796</u>

As at 31 March 2017, certain short term trade financing is secured over certain property, plant and equipment, benefits of an insurance covering finished goods, and guaranteed by some of the directors and/or shareholders of certain subsidiary companies. Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group. Term loans are secured over certain leasehold lands of the Group.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**18. Derivative Financial Instruments**

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

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	1,002,143	2,961	2,441
Palm oil futures	127,871	-	1,819
	<u>1,130,014</u>	<u>2,961</u>	<u>4,260</u>

**19. Fair Value Changes of Financial Instruments**

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2016. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2017.

<u>31 March 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	-	2,961	-	2,961
- Trading securities	65,018	-	-	65,018
Available-for-sale financial assets	<u>70,087</u>	<u>-</u>	<u>249,478</u>	<u>319,565</u>
Total assets	<u>135,105</u>	<u>2,961</u>	<u>249,478</u>	<u>387,544</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,428,967	4,428,967
- Derivatives	<u>1,819</u>	<u>2,441</u>	<u>-</u>	<u>4,260</u>
Total liabilities	<u>1,819</u>	<u>2,441</u>	<u>4,428,967</u>	<u>4,433,227</u>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**19. Fair Value Changes of Financial Instruments (continued)**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed in Bursa Malaysia Securities Berhad or foreign stock exchanges classified as trading securities or available for sale and commodity derivatives quoted on Bursa Malaysia Derivatives Berhad (formerly known as Malaysia Derivatives Exchange Berhad ("MDEX")) for palm oil and other foreign commodity exchanges.

The fair value of financial instruments that are not traded in an active market (for example, foreign currency forward contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise foreign currency forward contracts.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise LLA liability and unquoted available-for-sale financial assets.

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

	Financial period ended <u>31 March 2017</u>	Financial year <u>2016</u>
<u>LLA liability</u>		
1 January	4,407,564	4,627,195
Fair value changes charged to profit or loss	97,500	68,275
Repayment during the financial period/year	(76,097)	(287,906)
31 March/31 December	<u>4,428,967</u>	<u>4,407,564</u>
<u>Available for sale financial assets</u>		
1 January	247,542	251,351
Addition	1,936	5,488
Liquidation of a subsidiary	-	(1,613)
Fair value losses transferred to available-for-sale reserves	-	(7,684)
31 March/31 December	<u>249,478</u>	<u>247,542</u>

Fair value changes for the LLA liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches prices, palm kernel prices, average yield of fresh fruit bunches, lease term of planted oil palm and rubber and estate replanting fixed cost. Any changes on assumptions used will cause a material variation of the liability.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**Amounts in RM thousand unless otherwise stated**

**20. Realised and Unrealised Profits or Losses**

The breakdown of realised and unrealised retained earnings of FGVH is as follows:

	<b>As at 31 March 2017</b>	<b>As at 31 March 2016 (Restated)</b>
Total retained earnings of the Company and its subsidiaries:		
- realised	4,181,745	4,809,286
- unrealised	(877,753)	(750,250)
	<u>3,303,992</u>	<u>4,059,036</u>
Total share of retained earnings from jointly controlled entities:		
- realised	43,929	(80,996)
- unrealised	(10,246)	56,196
	<u>33,683</u>	<u>(24,800)</u>
Total share of retained earnings from associates:		
- realised	153,501	173,351
- unrealised	(6,154)	(6,767)
	<u>147,347</u>	<u>166,584</u>
Less: consolidation adjustments	(1,876,122)	(2,626,099)
Total retained earnings of FGVH	<u>1,608,900</u>	<u>1,574,721</u>

The unrealised profits are determined in accordance with the Guidance on Special Matter No. 1 (GSM1) issued by the Malaysian Institute of Accountants. In arriving at the unrealised profits, we have also included the following which are deemed in the GSM1 as unrealised:

- (a) Credits or charges relating to the recognition of deferred tax,
- (b) Cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss,
- (c) Provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation, and
- (d) Translation gains or losses of monetary items denominated in a currency other than the functional currency.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**21. Earnings Per Share**

	<b>Year to date ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
Basic earnings per share are computed as follows:		
Profit/(loss) for the financial period attributable to owners of the Company (RM'000)	<u>2,469</u>	<u>(81,077)</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152
Basic earnings per share (sen)	<u>0.1</u>	<u>(2.2)</u>

**22. Status of Corporate Proposals**

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

**23. Significant events**

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

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

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

**23. Significant events (continued)**

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

**24. Material events after reporting period**

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

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

Having considered all aspects of this Termination, the Board of Directors of FGV are of the opinion the mutual termination disclosed herein are in the best interest of FGV.

The termination of this JVA would not have any financial impact on FGV and its subsidiaries.

**25. Comparative**

The Group changed its accounting policy for bearer plants to be in line with the accounting requirements of FRS 116 – Property, Plant and Equipment in the fourth quarter ended 31 December 2016 for the financial year ended 31 December 2016. The change in the accounting policy has been applied retrospectively. Accordingly, the results, statement of changes in equity and cash flows for first quarter ended 31 March 2016 shown as comparatives to this interim financial report have been restated to comply with the new accounting policy.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

## **26. Prospects**

Crude Palm Oil (CPO) prices which has been in the uptrend since middle 2016 until February 2017 has started to decline with the increase in fresh fruit bunches (FFB) output from both Malaysia and Indonesia. Higher supplies is anticipated with the lingering effects of El Nino wearing off and the seasonally higher FFB production in the coming months. Malaysia's overall production however is estimated to be lower than that of 2015 in view of the lower OER trend and acute labour shortages and could moderate the bearish CPO prices. The world's edible oil supply especially soy bean oil, crude oil prices, the Ringgit currency movement versus the US Dollar, Indonesia's biodiesel policy and global economic conditions are factors that will continue to affect market prices.

Management remains focused in improving its' FFB yield and operational efficiency. Whilst labour shortages are expected to have an impact to the overall Malaysian palm oil plantation industry, management of FGVH will continue to be proactive in securing a sustainable supply of labour for our operations alongside increased mechanisation implementation.

Barring unforeseen circumstances, against the backdrop of expected lower CPO price but compensated by expected overall higher yields, the Board expects performance of the Group for the financial year ending 31 December 2017 to be satisfactory.

By Order of the Board

Koo Shuang Yen  
Abd Rashid Atan  
Company Secretary

31 May 2017