



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

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 31 March 2016**



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

**QUARTERLY REPORT**

**On consolidated results for the first quarter ended 31 March 2016**

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		% + / (-)
		2016 RM'000	2015 RM'000	
<u>Continuing operations</u>				
Revenue		3,755,449	2,709,891	38.6
Cost of sales		(3,477,329)	(2,328,010)	(49.4)
<b>Gross profit</b>		278,120	381,881	(27.2)
Other operating income		39,846	51,426	(22.5)
Selling and distribution costs		(80,127)	(77,266)	(3.7)
Administrative expenses		(234,565)	(192,272)	(22.0)
Other operating expenses		(37,063)	(25,098)	(47.7)
Commodity losses - gain		23,686	11,080	>100
<b>Operating (loss)/profit</b>		(10,103)	149,751	<100
Fair value changes in Land Lease Agreement ('LLA') liability		(89,716)	(73,510)	(22.0)
<b>Operating (loss)/profit after LLA</b>	15	(99,819)	76,241	<100
Finance income		1,859	10,512	(82.3)
Finance costs		(47,485)	(56,122)	15.4
Share of results from associates		4,477	3,084	45.2
Share of results from joint ventures		70,989	39,770	78.5
<b>(Loss)/Profit before zakat and taxation</b>		(69,979)	73,485	<100
Zakat		(367)	(608)	39.6
Taxation	16	11,266	(19,326)	>100
<b>(Loss)/Profit from continuing operations</b>		(59,080)	53,551	<100
<u>Discontinuing operations</u>				
Loss from discontinued operations		(901)	(23,814)	96.2
(Loss)/Profit for the financial period		(59,981)	29,737	<100
<b>Other comprehensive income/(loss)</b>				
Share of other comprehensive loss of joint ventures		(7,471)	(32,331)	
Actuarial gain on defined benefit plan		-	720	
Fair value changes in available-for-sale financial assets		1,503	19	
Currency translation differences		(81,622)	27,311	
Other comprehensive loss for the financial period, net of tax		(87,590)	(4,281)	
<b>Total comprehensive (loss)/income for the financial period</b>		(147,571)	25,456	<100



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the first quarter ended 31 March 2016 (continued)**

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

	Note	Year to date ended 31 March 2016 RM'000	2015 RM'000	% + / (-)
<b>(Loss)/Profit attributable to:</b>				
-Owners of the Company		(65,539)	3,575	<100
-Non-controlling interests		<u>5,558</u>	<u>26,162</u>	(78.8)
<b>(Loss)/Profit for the financial period</b>		<u>(59,981)</u>	<u>29,737</u>	<100
<b>Total comprehensive (loss)/income attributable to:</b>				
- Owners of the Company		(152,028)	(2,412)	<100
- Non-controlling interests		<u>4,457</u>	<u>27,868</u>	(84.0)
<b>Total comprehensive (loss)/income for the financial period</b>		<u>(147,571)</u>	<u>25,456</u>	<100
Earnings per share for profit attributable to the owners of the Company:				
Basic (sen)	21	(1.8)	0.1	<100

The unaudited Condensed Consolidated Statements 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 2015.



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the first quarter ended 31 March 2016 (continued)**

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

	Note	Unaudited As at 31 March 2016	Audited As at 31 December 2015
<b><u>Non-current assets</u></b>			
Property, plant and equipment		6,835,116	6,532,749
Investment properties		148,323	137,334
Intangible assets		1,671,543	1,544,022
Interests in associates		241,327	239,640
Interests in joint ventures		761,838	698,166
Amount due from a joint venture		34,807	34,807
Biological assets		3,062,731	2,848,414
Prepaid lease payments		79,121	78,210
Deposit and other receivables		102,884	459,325
Deferred tax assets		1,260,914	1,282,189
Available-for-sale financial assets		316,559	314,861
		<u>14,515,163</u>	<u>14,169,717</u>
<b><u>Current assets</u></b>			
Inventories		1,749,242	2,078,372
Biological assets		60,524	57,494
Receivables		1,723,058	1,894,271
Amount due from a significant shareholder		95,402	101,555
Amount due from joint ventures		335,141	212,502
Amount due from an associate		-	85
Amounts due from related companies		234,024	102,636
Tax recoverable		160,753	184,442
Financial assets at fair value through profit or loss		57,964	65,905
Derivative financial assets	18	42,444	1,388
Deposits, cash and bank balances		2,400,828	2,503,035
		<u>6,859,380</u>	<u>7,201,685</u>
Assets held for sale		15,854	16,420
		<u>6,875,234</u>	<u>7,218,105</u>
<b>Total assets</b>		<u><u>21,390,397</u></u>	<u><u>21,387,822</u></u>
<b><u>Equity</u></b>			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Reserves		(725,018)	(572,990)
<b>Equity attributable to owners of the Company</b>		<u>6,294,819</u>	<u>6,446,847</u>
Non-controlling interests		2,543,079	2,538,622
<b>Total equity</b>		<u><u>8,837,898</u></u>	<u><u>8,985,469</u></u>



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the first quarter ended 31 March 2016 (continued)**

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

	Note	Unaudited As at 31 March 2016	Audited As at 31 December 2015
<b><u>Non-current liabilities</u></b>			
Borrowings	17	404,475	407,549
Loan due to a significant shareholder	17	1,684,702	1,684,702
LLA liability		4,331,035	4,312,277
Provision for asset retirement		31,734	32,229
Provision for defined benefit plan		46,212	46,034
Deferred tax liabilities		774,532	724,619
		<u>7,272,690</u>	<u>7,207,410</u>
<b><u>Current liabilities</u></b>			
Payables		1,346,341	1,281,648
Loan due to a significant shareholder	17	231,677	208,588
Amount due to a significant shareholder		225,147	140,113
Amount due to associates		57	-
Amount due to joint ventures		-	31
Amounts due to related companies		4,759	98,524
Borrowings	17	3,117,419	3,142,870
Derivative financial liabilities	18	27,504	1,858
Provision for asset retirement		624	687
LLA liability		323,184	314,918
Current tax liabilities		3,097	5,706
		<u>5,279,809</u>	<u>5,194,943</u>
<b>Total liabilities</b>		<u>12,552,499</u>	<u>12,402,353</u>
<b>Total equity and liabilities</b>		<u>21,390,397</u>	<u>21,387,822</u>
		<b>As at 31 March 2016</b>	<b>As at 31 December 2015</b>
Net assets per share attributable to owners of the Company		<u>1.73</u>	<u>1.77</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2015.



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

**QUARTERLY REPORT (CONTINUED)**

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

	Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available-for-sale-reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Year to date ended 31 March 2016</b>											
At 1 January 2016		3,648,152	3,371,685	193,521	(2,088,969)	8,885	10,052	1,303,521	6,446,847	2,538,622	8,985,469
Profit for the financial period		-	-	-	-	-	-	(65,539)	(65,539)	5,558	(59,981)
<u>Items that will be subsequently reclassified to profit and 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 comprehensive (loss)/income for the financial period		-	-	(87,865)	-	1,376	-	(65,539)	(152,028)	4,457	(147,571)
At 31 March 2016		3,648,152	3,371,685	105,656	(2,088,969)	10,261	10,052	1,237,982	6,294,819	2,543,079	8,837,898

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



**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**

Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available-for-sale-reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Year to date ended 31 March 2015</b>										
At 1 January 2015	3,648,152	3,371,685	(12,865)	(2,088,969)	32,456	10,052	1,415,722	6,376,233	2,447,532	8,823,765
Profit for the financial period	-	-	-	-	-	-	3,575	3,575	26,162	29,737
Other comprehensive income/(loss) for the financial period, net of tax:										
<u>Items that will not be reclassified to profit and loss</u>										
- Actuarial gain/(loss) on defined benefit plan	-	-	-	-	-	-	863	863	(143)	720
<u>Items that will be subsequently reclassified to profit and loss</u>										
- currency translation differences	-	-	25,779	-	-	-	-	25,779	1,532	27,311
- available-for-sale fair value changes	-	-	-	-	(298)	-	-	(298)	317	19
- share of other comprehensive loss of joint ventures	-	-	(3,040)	-	(29,291)	-	-	(32,331)	-	(32,331)
	-	-	22,739	-	(29,589)	-	-	(6,850)	1,849	(5,001)
Total comprehensive income/(loss) for the financial period	-	-	22,739	-	(29,589)	-	4,438	(2,412)	27,868	25,456
At 31 March 2015	3,648,152*	3,371,685	9,874	(2,088,969)	2,867	10,052	1,420,160	6,373,821	2,475,400	8,849,221

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 March 2015.

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



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

**QUARTERLY REPORT (CONTINUED)**

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

	Note	Year to date ended	
		31 March	
		2016	2015
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss)/Profit for the financial period</b>		(59,981)	29,737
Adjustments for non-cash items		140,999	209,675
<b>Operating profit before working capital changes</b>		81,018	239,412
Changes in working capital		331,600	(455,880)
<b>Cash generated/(used in) from operations</b>		412,618	(216,468)
Interest received		1,859	2,044
Taxation refund/(paid)		18,502	(51,765)
Zakat paid		(367)	(608)
Retirement benefits paid		(62)	(817)
<b>Net cash generated from /(used in) from operating activities</b>		432,550	(267,614)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(97,510)	(222,237)
Purchase of biological assets		(18,735)	(19,880)
Purchase of intangible asset		(3,397)	(8,780)
Purchase of prepaid lease payments		(4,682)	-
Deposits for acquisition of subsidiaries		-	(85,205)
Proceeds from disposal of property, plant and equipment		45	6,907
Proceeds from disposal of fair value through profit or loss		-	1,065
Proceeds from assets held for sale		9	-
Additions in available- for sale financial assets		-	(1,597)
Acquisition of subsidiaries	10	(278,618)	-
Dividend received from associates		2,844	270
Dividend received from available-for-sale financial assets		84	-
<b>Net cash used in investing activities</b>		(399,960)	(329,457)





FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Year to date ended	
		31 March	
		2016	2015
		RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of borrowings		4,116,447	1,210,063
Repayment of borrowings		(4,144,176)	(1,340,614)
Repayment of LLA liability		(62,692)	(62,129)
Finance costs paid		(22,076)	(30,936)
<b>Net cash used in financing activities</b>		<b>(112,497)</b>	<b>(223,616)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(79,907)</b>	<b>(820,687)</b>
Effect of foreign exchange rate changes		(22,300)	13,794
Cash and cash equivalents at beginning of the financial period		2,008,539	3,673,415
<b>Cash and cash equivalents at end of the financial period</b>		<b>1,906,332</b>	<b>2,866,522</b>
Deposits, cash and bank balances		2,400,828	2,866,522
Less: Fixed deposits pledged		494,496	-
Cash and cash equivalents at end of the period		<u>1,906,332</u>	<u>2,866,522</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2015.



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

### QUARTERLY REPORT (CONTINUED)

#### **Explanatory Notes on the Quarterly Report – 31 March 2016** **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's audited financial statements for the financial year ended 31 December 2015. 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 2015.

#### **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 2015, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations with effect from 1 January 2016.

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".

##### (b) Accounting pronouncements that are effective and have been adopted by the Group as at 1 January 2016:

- Amendments to FRS 101 'Presentation of Financial Statements' - Disclosure initiative
- Amendments to FRS 116 'Property, Plant and Equipment' and FRS 138 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation
- Amendments to FRS 127 'Separate Financial Statements' - Equity accounting in separate financial statements
- Amendments to FRS 10 'Consolidated Financial Statements' and FRS 128 'Investment in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associates/ joint ventures
- Amendments to FRS 11 'Joint Arrangements' - Accounting for acquisition of interests in joint operations
- Amendments to FRS 10 'Consolidated Financial Statements', FRS 12 'Disclosure of Interests in Other Entities' and FRS 128 'Investment in Associates and Joint Ventures' - Investment entities: applying the consolidation exception
- Annual Improvements to FRSs 2012 – 2014 (Amendments to FRS 5 'Non-current Assets Held for Sale and Discontinued Operations', FRS 7 'Financial Instruments: Disclosures', FRS 119 'Employee Benefits' and FRS 134 'Interim Financial Reporting')

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (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 sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for cooking oil and refined sugar.

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

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

**4. Material Changes in Estimates**

Other than the changes in assumptions made to the fair value changes of financial liabilities as disclosed in Note 19, there were no other material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years 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. Dividend**

No dividend has been paid during the quarter ended 31 March 2016.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (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 2016 have been identified as follows:

- Palm Upstream – 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").
- Palm Downstream – 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.
- Sugar – Sugar refining and sales and marketing of refined sugar and molasses.
- Trading, Marketing and Logistics ("TML") – Trading, bulking and transportation facilities.
- Others – Rubber processing, research and development activities, fertilisers processing and production, sale of planting materials, services, information technology, security and travel.

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 discontinued operations mainly relates to cocoa business, which the Group had previously approved to exit.

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 2016 (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>Palm Upstream</b>	<b>Palm Downstream</b>	<b>Sugar</b>	<b>Trading, marketing, and logistics</b>	<b>Others</b>	<b>Reconciliation</b>	<b>Total</b>	<b>Discontinued operations</b>	<b>Total</b>
<b>Year to date ended 31 March 2016</b>									
Total segment revenue	1,618,031	936,939	592,776	1,634,885	500,039	(1,527,221)	3,755,449	-	3,755,449
Less : Inter-segment revenue	(1,250,558)	(21,159)	(38,263)	(61,159)	(156,082)	1,527,221	-	-	-
Revenue from external customers	<u>367,473</u>	<u>915,780</u>	<u>554,513</u>	<u>1,573,726</u>	<u>343,957</u>	<u>-</u>	<u>3,755,449</u>	<u>-</u>	<u>3,755,449</u>
Finance income	3,504	1,207	735	396	1,417	(5,400)	1,859	-	1,859
Finance costs	(10,546)	(4,286)	(2,525)	(1,261)	(929)	(27,938)	(47,485)	-	(47,485)
Depreciation and amortization	(57,074)	(21,542)	(11,182)	(17,232)	(15,710)	(3,457)	(126,197)	(34)	(126,231)
Fair value changes in LLA liability	(89,716)	-	-	-	-	-	(89,716)	-	(89,716)
Share of results of joint ventures	50,154	20,057	-	768	10	-	70,989	-	70,989
Share of results of associates	97	-	-	4,458	-	(78)	<u>4,477</u>	<u>-</u>	<u>4,477</u>
(Loss)/Profit before zakat and taxation for the financial period	(100,548)	1,801	66,498	17,772	(15,058)	(40,444)	<u>(69,979)</u>	<u>(901)</u>	<u>(70,880)</u>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (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>Palm Upstream</b>	<b>Palm Downstream</b>	<b>Sugar</b>	<b>Trading, marketing, and logistics</b>	<b>Others</b>	<b>Reconciliation</b>	<b>Total</b>	<b>Discontinued operations</b>	<b>Total</b>
<b>Year to date ended 31 March 2015</b>									
Total segment revenue	2,248,395	958,285	521,487	599,244	478,567	(2,096,087)	2,709,891	254,283	2,964,174
Less : Inter-segment revenue	(1,703,975)	(111,111)	(13,002)	(56,327)	(211,672)	2,096,087	-	-	-
Revenue from external customers	<u>544,420</u>	<u>847,174</u>	<u>508,485</u>	<u>542,917</u>	<u>266,895</u>	<u>-</u>	<u>2,709,891</u>	<u>254,283</u>	<u>2,964,174</u>
Finance income	3,793	174	5,003	-	1,961	(419)	10,512	3	10,515
Finance costs	(13,490)	(9,474)	(912)	(164)	(1,694)	(30,388)	(56,122)	(680)	(56,802)
Depreciation and amortization	(63,592)	(16,983)	(9,649)	(13,576)	(13,958)	(1,376)	(119,134)	(3,673)	(122,807)
Fair value changes in LLA liability	(73,510)	-	-	-	-	-	(73,510)	-	(73,510)
Share of results of joint ventures	(6,884)	41,964	-	781	3,909	-	39,770	-	39,770
Share of results of associates	6	-	-	3,387	-	(309)	<u>3,084</u>	<u>-</u>	<u>3,084</u>
(Loss)/Profit before zakat and taxation for the financial period	(1,573)	(21,691)	92,137	15,958	26,928	(38,274)	<u>73,485</u>	<u>(23,814)</u>	<u>49,671</u>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**  
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**8. Capital Commitments**

Authorised capital expenditure not provided for are as follows:

	<b>As at 31 March 2016</b>	<b>As at 31 December 2015</b>
Property, plant and equipment:		
- contracted	460,724	640,522
-not contracted	1,097,704	1,242,182
	<u>1,558,428</u>	<u>1,882,704</u>
Biological assets:		
- contracted	60,451	65,377
- not contracted	28,412	32,384
	<u>88,863</u>	<u>97,761</u>
Intangible assets:		
- contracted	-	114
- not contracted	4,605	-
	<u>4,605</u>	<u>114</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)**

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

(I) Related party transactions for the financial period ended 31 March 2016 and 31 March 2015 are as follows:

a) Sales of goods and services

	Year to date ended 31 March	
	2016	2015
(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)	-	35,219
Sales of CPO by FGVPM to FISB Group	243,240	309,486
Sales of CPKO, RBDPKO and PFAD by FKPSB to FISB Group and FPG	261,632	211,205
Sales of processed Palm Oil ("PPO") by FELMA to FISB Group	-	16,496
Sales of CPO by FGVPM to MAPAK	82,880	43,311
(ii) Transaction with FELDA Group		
Sales of fertilizer by FPMSB	100,576	64,611
IT services rendered by Prodata	6,709	20,280
Maintenance and consultancy services by FESSB	6,608	21,683





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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**  
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**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 31 March 2016 and 31 March 2015 are as follows: (continued)

b) Purchase of goods and services

	Year to date ended 31 March	
	2016	2015
(i) Transactions with joint venture		
Purchase of CPO by FELMA form FISB Group	-	16,395
(ii) Transaction with FELDA Group		
LLA liability paid by FGVP	62,692	62,129
Interest expense charged by FELDA	23,089	22,262
Purchase of latex and cup lump by FRISB	21,824	23,002
Purchase of FFB by FPISB and FGVP	494,622	245,226
c) <u>Transactions with Government related entities</u>		
(i) Transactions between subsidiaries and other government agencies		
Cooking oil subsidy received from Malaysia Palm Oil Board ('MPOB')	34,168	29,009



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

**QUARTERLY REPORT (CONTINUED)**

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

Acquisition of a subsidiary

On 14 March 2016, Pontian United Plantations Berhad ("PUP") has completed the acquisition of 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 for a total purchase consideration of RM655 million.

The provisional effect of the acquisition is as follows:

	Carrying value
Property, plant and equipment	403,166
Biological assets	177,620
Net current liabilities	(74,418)
Total net assets acquired	506,368
Purchase consideration	655,000
Provisional goodwill on acquisition	148,632

The cash outflow on the acquisition is as follows:

Purchase consideration	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 effects to the results of the Group for the financial period ended and effects had the acquisition taken effects at the beginning of the financial year are not material.



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

### QUARTERLY REPORT (CONTINUED)

#### Explanatory Notes on the Quarterly Report – 31 March 2016 (continued) Amounts in RM thousand unless otherwise stated

#### 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. The Court has yet to fix trial dates for this case.
- (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. Trial of this case is now completed and both parties to submit written submission on or before 11 March 2016. The clarification was partly heard on 29 April 2016 and will be continued on 30 June 2016.
- (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 fixed this case to be heard as follows:
- a) 10 to 12 August 2016 at Temerloh High Court;
  - b) 17 to 19 August 2016 at Kuantan High Court;
  - c) 25 to 26 August 2016 at Temerloh High Court;
  - d) 1 to 2 September 2016 at Kuantan High Court;
  - e) 5 to 9 September 2016 at Temerloh High Court;
  - f) 19 to 23 September 2016 at Kuantan High Court; and
  - g) 26 to 30 September 2016 at Temerloh High Court.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**  
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**11. Contingent Liabilities and Material Litigation (continued)**

- (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. The Court has now fixed this matter for continued hearing on 16 to 18 May 2016 and 13 to 15 June 2016.
- (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. The matter was final heard on 16 February 2016. The matter which was fixed for clarification on 17 May 2016 has been postponed to 29 June 2016.
- (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 fixed this matter for continued trial on 27 to 29 July 2016.
- (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 fixed this case to be heard as follows:
  - a) 10 to 12 August 2016 at Temerloh High Court;
  - b) 17 to 19 August 2016 at Kuantan High Court;
  - c) 25 to 26 August 2016 at Temerloh High Court;
  - d) 1 to 2 September 2016 at Kuantan High Court;
  - e) 5 to 9 September 2016 at Temerloh High Court;
  - f) 19 to 23 September 2016 at Kuantan High Court; and
  - g) 26 to 30 September 2016 at Temerloh High Court.

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.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (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>2016</b>	<b>2015</b>	
Revenue	<u>3,755,449</u>	<u>2,709,891</u>	38.6
Palm Upstream	(100,548)	(1,573)	<100
Sugar	66,498	92,137	(27.8)
Palm Downstream	1,801	(21,691)	>100
Trading, marketing and logistics	17,772	15,958	11.4
Others	<u>(15,058)</u>	<u>26,928</u>	<100
Segment results	(29,535)	111,759	<100
Reconciliation	<u>(40,444)</u>	<u>(38,274)</u>	(5.7)
(Loss)/Profit before taxation ("PBT")	(69,979)	73,485	<100
Zakat	(367)	(608)	(39.6)
Tax expense	<u>11,266</u>	<u>(19,326)</u>	>100
(Loss)/Profit from continuing operations	(59,080)	53,551	<100
Loss from discontinued operations	<u>(901)</u>	<u>(23,814)</u>	96.2
Net (loss)/profit for the financial period	<u>(59,981)</u>	<u>29,737</u>	<100
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company	(65,539)	3,575	<100
Non-controlling interests	<u>5,558</u>	<u>26,162</u>	(78.8)
(Loss)/Profit after tax and non-controlling interests	<u>(59,981)</u>	<u>29,737</u>	<100

**Overall**

The Group registered total revenue of RM3.76 billion for the financial period ended 31 March 2016, an increase of 38.6% compared to last year. The Group incurred a loss before taxation of RM69.98 million in 2016 compared to profit of RM73.48 million registered last year mainly attributable to lower CPO production in Palm Upstream segment.

**Segment Performance Analysis**

**(a) Palm Upstream**

Palm Upstream segment suffered a loss of RM100.55 million in 2016 on the back of weaker CPO production. CPO production declined by 14% to 484 thousand MT in tandem with lower FFB production from 930 thousand mt recorded in 2015 to 781 thousand mt this year.

Average CPO price realized was RM2,303 per MT compared to RM2,279 per MT last year whilst OER achieved was at 20.56%, slightly higher compared to 20.50% achieved in the previous year.

The increase in the fair value charge to RM89.72 million in 2016 compared to RM73.51 million in 2015 has also contributed to the decrease in the result from this segment. Excluding the LLA effect, the segment's profit reduced from RM71.94 million to a loss of RM10.83 million.



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**  
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**12. Review of Group Performance (continued)**

**(b) Sugar**

The segment reported a decrease in profit by 27.8% mainly attributable to increase in raw sugar costs despite higher sales volume for domestic and export market segments by 11% and 21% respectively.

**(c) Palm Downstream**

Palm Downstream segment registered a profit of RM1.80 million, improved from RM21.69 million losses recorded in 2015 mainly attributable to higher sales volume in the US fatty acid business and higher margin achieved for RBDPKO and CPKO from kernel crushing activities. The result was however, partly affected by negative margin achieved from China's bulk palm oil trading.

**(d) Trading, marketing and logistics ("TML")**

The TML segment registered a profit of RM17.77 million, 11.4% higher in 2016 as a full quarter result and better performance for the trading company was included this year. The trading company commenced its operation in February last year.

**(e) Others**

Other businesses reported a loss of RM15.06 million compared to a profit of RM26.93 million last year as fertiliser and rubber business suffered from weak margins associated with the decrease in sales volume and price respectively.

The loss was also brought down by unrealised foreign exchange loss in fertiliser business of RM14.9 million compared to RM3.5 million in 2015.

**(f) Discontinued operations**

The improvement reported in the discontinued operations was due to the result of TRT ETGO which was disposed on 3 November 2015 was no longer included in current year's result.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**  
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**13. Material Changes in the Quarterly Results Compared to Preceding Quarter**

	Quarter ended		% + / (-)
	31 March 2016	31 December 2015	
Revenue	<u>3,755,449</u>	<u>4,148,110</u>	(9.5)
Palm Upstream	(100,548)	225,315	<100
Sugar	66,498	107,403	(38.1)
Palm Downstream	1,801	4,688	(61.6)
TML	17,772	(13,547)	>100
Others	<u>(15,058)</u>	<u>43,654</u>	<100
Segment results	(29,535)	367,513	<100
Reconciliation	<u>(40,444)</u>	<u>(207,659)</u>	80.5
(Loss)/Profit before taxation	(69,979)	159,854	<100
Zakat	(367)	(5,496)	93.3
Tax expense	<u>11,266</u>	<u>(20,325)</u>	>100
(Loss)/Profit from continuing operations	(59,080)	134,033	<100
(Loss)/Profit from discontinued operations	(901)	14,370	<100
(Loss)/Profit for the financial period	<u>(59,981)</u>	<u>148,403</u>	<100
(Loss)/Profit attributable to:			
Owners of the Company	(65,539)	91,245	<100
Non-controlling interests	<u>5,558</u>	<u>57,158</u>	(90.3)
Loss for the financial period	<u>(59,981)</u>	<u>148,403</u>	<100

**Overall**

For the first quarter ended 31 March 2016, the Group recorded a loss before taxation of RM69.98 million, lower than that of the preceding quarter profit of RM159.85 million. Lower earnings were recorded by all segments except for TML.

The results was also affected by the fair value charge for LLA of RM89.72 million compared to fair value gain of RM6.85 million reported in preceding quarter.



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**

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

**(a) Palm Upstream**

The segment's results reported a loss of RM100.55 million in current quarter compared to a profit of RM225.31 million in preceding quarter. This was mainly attributable to 36% lower in CPO production associated with the lower FFB production by 34% to 0.78 million mt in current quarter compared to 1.17 million mt in preceding quarter. The OER achieved was lower at 20.56% compared to 21.46% achieved in preceding quarter. Average CPO price realised in current quarter increased to RM2,303 per MT compared to RM2,153 per MT in preceding quarter.

In addition, the fair value charge was higher of RM89.72 million compared to fair value gain of RM6.87 million in preceding quarter. Excluding the LLA effect, the segment's result was loss of RM10.83 million compared to RM218.44 million profit in preceding quarter.

**(b) Sugar**

Profit from Sugar segment decreased to RM66.50 million from RM107.40 million in preceding quarter mainly due to lower demand of refined sugar from the export market.

**(c) Palm Downstream**

Palm Downstream segment registered a reduction in profit from RM4.69 million to RM1.80 million in current quarter mainly due to unrealised foreign exchange loss recorded in packed product business.

**(d) TML**

The TML segment's result improved from a loss of RM13.55 million to a profit of RM17.77 million in current quarter. The strengthening of Ringgit Malaysia against US dollar resulted in unrealised foreign exchange gain which contributed to the improvement in its result.

The segment's result was partly affected by lower transportation income and throughput handled by Group's bulking operations in tandem with the decrease in CPO production.

**(e) Others**

The other business incurred a loss of RM15.06 million compared to profit of RM43.65 million in preceding quarter due to lower margin in R&D and rubber business. In addition, higher income was received from IT services in preceding quarter compared to current quarter.





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**QUARTERLY REPORT (CONTINUED)**

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

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

**15. Operating (Loss)/Profit after LLA**

	<b>Year to date ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	109,826	107,403
Property, plant and equipment written off	284	566
Depreciation of investment properties	3,220	2,919
Amortisation of intangible assets	10,798	9,347
Amortisation of prepaid lease payments	1,149	1,917
Accelerated depreciation of biological assets	1,238	1,221
Net unrealised foreign exchange (gain)/loss	<u>(9,257)</u>	<u>2,210</u>

**16. Taxation**

	<b>Year to date Ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
<b>Malaysian income tax</b>		
Current financial period	(2,578)	(31,571)
Prior financial period	-	(139)
	<u>(2,578)</u>	<u>(31,710)</u>
<b>Foreign income tax</b>		
Current financial period	(2,857)	860
	<u>16,701</u>	<u>11,524</u>
<b>Deferred tax</b>	<u>11,266</u>	<u>(19,326)</u>

The effective tax rate of 16% for the financial year ended 31 March 2016 is lower than the Malaysian income tax rate of 24% as certain income is tax exempted.



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**QUARTERLY REPORT (CONTINUED)**

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**17. Borrowings**

The total unsecured borrowings are as follows:

	<b>As at 31 March 2016</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
<u>Long-term borrowings</u>			
Loan due to a significant shareholder	-	1,684,702	1,684,702
Term loans	391,887	11,241	403,128
Finance lease liabilities	1,347	-	1,347
	<u>393,234</u>	<u>1,695,943</u>	<u>2,089,177</u>
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	231,677	231,677
Term loans	47,846	537,246	585,092
Short term trade financing	586,184	1,945,445	2,531,629
Finance lease liabilities	698	-	698
	<u>634,728</u>	<u>2,714,368</u>	<u>3,349,096</u>
Total borrowings	<u>1,027,962</u>	<u>4,410,311</u>	<u>5,438,273</u>

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

Ringgit Malaysia	4,551,054
United States Dollar	818,639
Thai Baht	12,021
Great Britain Pound	53,604
Singapore Dollar	2,955
Total borrowings	<u>5,438,273</u>

As at 31 March 2016, certain short term trade financing is secured over certain property, plant and equipment, fixed deposits, benefits of an insurance covering finished goods, and guaranteed by some of the directors and/or shareholders of certain subsidiary companies. Certain term loans are secured over leasehold land, fixed and floating charges over certain assets of the Group and a corporate guarantee provided by a subsidiary.



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**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**

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**18. Derivative Financial Instruments**

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 March 2016 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	459,878	27,233	13,924
Palm oil futures	453,667	-	13,580
Sugar futures	452	15,211	-
	<u>913,997</u>	<u>42,444</u>	<u>27,504</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 2015. 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 2016 .

31 March 2016

	<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	15,211	27,233	-	42,444
- Available-for-sale financial assets	64,882	-	251,677	316,559
- Trading securities	<u>57,964</u>	<u>-</u>	<u>-</u>	<u>57,964</u>
Total assets	<u>138,057</u>	<u>27,233</u>	<u>251,677</u>	<u>416,967</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,654,219	4,654,219
- Derivatives	<u>13,580</u>	<u>13,924</u>	<u>-</u>	<u>27,504</u>
Total liabilities	<u>13,580</u>	<u>13,924</u>	<u>4,654,219</u>	<u>4,681,723</u>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**

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

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

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

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.

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

	3 months period ended <u>31 March 2016</u>	Financial year <u>2015</u>
<u>LLA liability</u>		
1 January	4,627,195	4,680,829
Fair value changes charged to profit or loss	89,716	224,879
Repayment during the financial period/year	<u>(62,692)</u>	<u>(278,513)</u>
31 March/31 December	<u>4,654,219</u>	<u>4,627,195</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, inflation rate, total acreage of planted oil palm and rubber, estate replanting fixed cost and capital expenditure; amongst others, on a periodic basis. 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 2016 (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 2016</b>	<b>As at 31 March 2015</b>
Total retained earnings of the Company and its subsidiaries:		
- realised	4,027,125	4,014,278
- unrealised	(304,826)	(244,641)
	<u>3,722,299</u>	<u>3,769,637</u>
Total share of retained earnings from jointly controlled entities:		
- realised	(80,996)	180,548
- unrealised	56,196	(1,469)
	<u>(24,800)</u>	<u>179,079</u>
Total share of retained earnings from associates:		
- realised	173,351	134,527
- unrealised	(6,767)	(6,753)
	<u>166,584</u>	<u>127,774</u>
Less: consolidation adjustments	<u>(2,626,101)</u>	<u>(2,656,330)</u>
Total retained earnings of FGVH	<u><u>1,237,982</u></u>	<u><u>1,420,160</u></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 2016 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**21. Earnings Per Share**

	<b>Year to date ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
Basic earnings per share are computed as follows:		
(Loss)/Profit for the financial period attributable to owners of the Company	<u>(65,539)</u>	<u>3,575</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,648,152</u>	<u>3,648,152</u>
Basic earnings per share (sen)	<u>(1.8)</u>	<u>0.1</u>

**22. Status of Corporate Proposals**

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

**23. Significant events**

- (a) On 3 February 2016, on behalf of the Board of Directors of FGV, CIMB Investment Bank Berhad ("CIMB") announced that FGV had established a long term incentive plan ("LTIP") in the form of employee share grant scheme.

Pursuant to the LTIP, FGV shall award the grant of up to 10% of the issued and paid-up ordinary share capital of FGV (excluding treasury shares, if any) at any point of time during the duration of the LTIP, to the employees of FGVH and its subsidiaries (excluding subsidiaries which are dormant) ("Group") and Executive Directors of FGV who fulfil the eligibility criteria as Eligible Employees.

The LTIP is served to attract, retain, motivate and reward Selected Eligible Employees for their contribution to the Group through the conditional awards of ordinary shares of RM1.00 each in FGV shares ("Grants") without any consideration payable by the Selected Employees, subject to the certain vesting conditions.

The LTIP shall be implemented and administered by a committee to be established ("LTIP Committee"), comprising, among others, directors and senior management of the Group appointed by the Board.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**

**Amounts in RM thousand unless otherwise stated**

**23. Significant events (continued)**

- (b) On 26 February 2016, Felda Global Ventures Downstream Sdn Bhd ("FGVD"), a wholly-owned subsidiary of FGV, entered into two (2) conditional sale and purchase agreements ("SPA") for the transfer of 81,566,106 issued and paid-up ordinary shares of Zhong Ling Nutri-Oil Holdings Limited ("Zhong Ling"), representing approximately 55% of the issued and paid-up share capital of the Zhong Ling from Zhong Hai Investment Holdings Limited ("Zhong Hai") and the other vendors for a total purchase consideration of RM976.25 million.

On 4 March 2016, FGVD and the Vendors, by way of an exchange letters ("Extension Letters"), mutually agreed to extend the period to satisfy the condition precedent of the SPA from 4 March 2016 to 18 March 2016, or any other date as may be mutually agreed upon by parties.

On 18 March 2016, the Board of Directors announced that vide extension letters from Vendors and Zhong Hai, Parties have mutually agreed to further extend the CP Completion Date of SPA to a day not later than 8 April 2016, or such other date as may be mutually agreed upon in writing. Contracts for Services for Key Personnel and Shareholders' Agreement have been executed on the same day.

On 8 April 2016, the Board of Directors of FGV announced that as the conditions precedent set out in SPA could not be fulfilled within the CP Completion Date nor has the same been waived, the Purchaser has issued termination notices, both dated 8 April 2016 to the Vendors and Zhong Hai to terminate SPA in accordance with the relevant provision of SPA.

The Purchaser will not be pursuing or taking any legal action pursuant to the above mentioned termination and would also not have any financial impact on FGV.

- (c) On 30 March 2016, the Board of Directors of FGV announced that two (2) dormant indirect subsidiaries of FGV, namely Felda Plantations Sdn Bhd and Felda Iffcoallana Malaysia Sdn Bhd have been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

A liquidator has been appointed for the subsidiaries and the members' voluntary winding-up of the subsidiaries will not have any material impact on the net assets and earnings per share of FGV for the financial year ending 31 December 2016.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 March 2016 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**24. Material events after reporting period**

Other than Note 23(b), material events after the reporting period is as follows:

On 3 May 2016, the Board of Directors of FGV announced that FGV and FELDA (FELDA Group) withdraws the Roundtable Sustainable Palm Oil ("RSPO") – Principles and Criteria ("P&C") certificates of 58 complexes located throughout Malaysia. FELDA Group remains a member of RSPO and continues its commitment to RSPO-P&C. This exercise does not affect FELDA Group's RSPO Supply Chain Certification System ("SCCS") certificate of its kernel crushing plants and downstream refineries.

FELDA Group is currently addressing all sustainability issues along the supply chain. This exercise allows a more inclusive certification between commercially managed plantations by FGV and FELDA smallholders.

**25. Prospects**

The Group's fresh fruit bunches (FFB) production for the first quarter of 2016 was adversely affected by the severe dry condition from the El Nino phenomenon. This industry-wide impact, though gradually reducing in severity, is expected to result in an overall reduction of the Group's plantation yield for the current year compared to 2015. However Crude Palm Oil (CPO) prices have been on the uptrend since the end of 2015. This follows the declining palm oil supplies arising from the same El Nino phenomenon. Direction of CPO prices in the coming months is expected to be affected by the seasonally higher FFB production, the world's edible oil supply especially soy bean oil, crude oil prices, the Ringgit currency movement versus the US Dollar, and global economic conditions. Notwithstanding this, expectations are for a higher average price of CPO and related products in 2016 compared to 2015. This higher average price is expected to cushion the impact of the lower yields.

Barring unforeseen circumstances, against this backdrop of expected lower yields but compensated by higher average prices together with administrative rationalisation exercises, the Board expects performance of the Group for the financial year ending 31 December 2016 to be in line with industry.

By Order of the Board

Koo Shuang Yen  
Abd Rashid Atan  
Company Secretary

24 May 2016