FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Period Ended 30 June 2017

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the quarter ended 30 June 2017

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 June 2017 RM'000	Quarter ended 30 June 2016 (Restated) RM'000	% +/(-)	Year to date ended 30 June 2017 RM'000	Year to date ended 30 June 2016 (Restated) RM'000	% +/(-)
Revenue		4,223,645	4,139,601	2.0	8,546,850	7,895,050	8.3
Cost of sales		(3,825,445)	(3,691,749)	(3.6)	(7,772,322)	(7,180,024)	(8.2)
Gross profit		398,200	447,852	(11.1)	774,528	715,026	8.3
Other operating income		34,708	56,237	(38.3)	65,479	96,117	(31.9)
Selling and distribution costs		(79,976)	(90,899)	12.0	(157,133)	(171,026)	8.1
Administrative expenses		(218,629)	(203,029)	(7.7)	(438,632)	(462,198)	5.1
Other operating expenses		(2,445)	-	<100	(41,195)	(12,686)	<100
Commodity gains - net		2,646	18,137	(85.4)	20,798	41,823	(50.3)
Operating profit	15	134,504	228,298	(41.1)	223,845	207,056	8.1
Fair value changes in Land Lease Agreement ('LLA') liability		(23,066)	(12,244)	(88.4)	(120,566)	(101,960)	(18.2)
Operating profit after LLA		111,438	216,054	(48.4)	103,279	105,096	(1.7)
Finance income		4,006	5,301	(24.4)	11,213	7,160	56.6
Finance costs		(37,753)	(60,595)	37.7	(78,267)	(108,788)	28.1
Share of results from associates		5,174	16,501	(68.6)	11,314	20,978	(46.1)
Share of results from joint ventures		4,365	(53,920)	>100	8,435	17,069	(50.6)
Profit before zakat and taxation		87,230	123,341	(29.3)	55,974	41,515	34.8
Zakat		(664)	(436)	(52.3)	(1,073)	(803)	(33.6)
Taxation	16	(58,407)	(49,301)	(18.5)	(58,178)	(45,161)	(28.8)
Profit/(loss) for the financial period		28,159	73,604	(61.7)	(3,277)	(4,449)	26.3
Profit/(loss) attributable to:							
-Owners of the Company		25,913	73,692	(64.8)	28,382	(7,385)	>100
-Non-controlling interests		2,246	(88)	>100	(31,659)	2,936	<100
		28,159	73,604	(61.7)	(3,277)	(4,449)	26.3
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	0.7	2.0		0.8	(0.2)	
Other comprehensive income/(loss)							
Share of other comprehensive loss of joint ventures		(3,630)	(2,040)		(738)	(9,511)	
Actuarial loss on defined benefit plan		(97)	-		(493)	-	
Fair value changes in available-for-sale financial assets		1,014	2,117		2,849	3,620	
Currency translation differences		(31,946)	15,907		(40,394)	(65,715)	
Other comprehensive (loss)/income for the financial period, net of tax		(34,659)	15,984		(38,776)	(71,606)	
Total comprehensive income/(loss) for the financial period		(6,500)	89,588	<100	(42,053)	(76,055)	44.7

On consolidated results for the quarter ended 30 June 2017 (continued)

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

		Quarter ended 30 June			Year to date ended 30 June		
	Note	2017	2016 (Restated)	%	2017	2016 (Restated)	%
		RM'000	RM'000	+/(-)	RM'000	RM'000	+/(-)
Total comprehensive income/(loss) attributable to:							
- Owners of the Company		(10,705)	90,306	<100	(15,150)	(77,260)	80.4
- Non-controlling interests		4,205	(718)	>100	(26,903)	1,205	<100
Total comprehensive income/(loss) for the financial period		(6,500)	89,588	<100	(42,053)	(76,055)	44.7

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

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 30 June 2017 (continued)

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

	Note	Unaudited As at 30 June 2017	Audited As at 31 December 2016
Non-current assets			
Property, plant and equipment		10,454,832	10,073,774
Investment properties		114,687	127,017
Intangible assets		1,576,403	1,576,033
Interests in associates		265,683	260,700
Interests in joint ventures		623,105	628,071
Amount due from a joint venture		29,628	20,914
Biological assets		31,036	29,044
Prepaid lease payments		74,018	75,710
Deposit and other receivables		96,706	107,661
Deferred tax assets		720,999	779,421
Available-for-sale financial assets		161,161	154,810
Loan due from a joint venture		74,411	54,222
		14,222,669	13,887,377
Current assets			
Inventories		2,076,140	2,189,255
Receivables		1,412,345	1,755,127
Amount due from a significant shareholder		242,938	182,531
Amount due from joint ventures		477,632	524,429
Amount due from an associate		-	214
Amounts due from related companies		268,633	172,625
Tax recoverable		265,972	189,700
Available-for-sale financial assets		161,671	159,431
Financial assets at fair value through profit or loss		40,541	58,322
Derivative financial assets	18	1,995	5,489
Deposits, cash and bank balances		1,805,486	1,854,054
		6,753,353	7,091,177
Assets held for sale		45,804	48,132
		6,799,157	7,139,309
Total assets		21,021,826	21,026,686
Equity			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Treasury shares		(1,059)	(1,059)
Reserves		(1,276,036)	(1,224,403)
Equity attributable to owners of the Company		5,742,742	5,794,375
Non-controlling interests		2,346,884	2,403,166
Total equity		8,089,626	8,197,541

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the quarter ended 30 June 2017 (continued)

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

	Note	Unaudited As at 30 June 2017	Audited As at 31 December 2016
Non-current liabilities			
Borrowings	17	435,991	198,992
Loan due to a significant shareholder	17	1,372,541	1,475,799
LLA liability		4,065,451	4,125,032
Provision for asset retirement		32,932	32,129
Provision for defined benefit plan		71,699	71,907
Deferred tax liabilities		780,531	832,908
		6,759,145	6,736,767
Current liabilities			
Payables		1,236,498	1,460,240
Loan due to a significant shareholder	17	213,206	213,206
Amount due to a significant shareholder		343,363	399,190
Amount due to associates		113	167
Amount due to joint ventures		6,654	6
Amounts due to related companies		441	11,433
Borrowings	17	4,016,372	3,692,140
Derivative financial liabilities	18	978	19,434
Provision for asset retirement		687	718
Other provision		32,841	-
LLA liability		307,177	282,532
Current tax liabilities		9,545	7,715
		6,167,875	6,086,781
Liabilities related to assets held for sale		5,180	5,597
		6,173,055	6,092,378
Total liabilities		12,932,200	12,829,145
Total equity and liabilities		21,021,826	21,026,686

	As at 30 June 2017	As at 31 December 2016
Net assets per share attributable to owners of the Company	1.57	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

	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Re-organisation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Year to date ended 30 June 2017										
At 1 January 2017	3,648,152*	3,371,685	(1,059)	215,241	(3,060,790)	14,319	1,606,827	5,794,375	2,403,166	8,197,541
Profit for the financial period	-	-	-	-	-	-	28,382	28,382	(31,659)	(3,277)
Items that will not be reclassified to profit or loss										
- actuarial loss on defined benefit plan	-	-	-	-	-	-	(493)	(493)	-	(493)
Items that will be subsequently reclassified to to profit or loss										
- currency translation differences	-	-	-	(44,987)	-	-	-	(44,987)	4,593	(40,394)
- fair value changes in available-for-sale financial assets	-	-	-	-	-	2,686	-	2,686	163	2,849
- share of other comprehensive loss of joint ventures	-	-	-	(738)	-	-	-	(738)	-	(738)
	-	-	-	(45,725)	-	2,686	-	(43,039)	4,756	(38,283)
Total other comprehensive (loss)/income for the financial period	-	-		(45,725)	-	2,686	27,889	(15,150)	(26,903)	(42,053)
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	-	4,549	4,549
Dividend paid for the financial year ended 31 December 2016 (final)	-	-	-	-	-	-	(36,483)	(36,483)	-	(36,483)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(33,928)	(33,928)
Total transaction with owners	-	-	-	-	-	-	(36,483)	(36,483)	(29,379)	(65,862)
At 30 June 2017	3,648,152	3,371,685	(1,059)	169,516	(3,060,790)	17,005	1,598,233	5,742,742	2,346,884	8,089,626

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FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Year to date ended 30 June 2016									
At 1 January 2016, as previously stated	3,648,152*	3,371,685	193,521	(2,088,969)	18,937	1,303,521	6,446,847	2,538,622	8,985,469
Effects of change in accounting policy	-	-	-	(971,821)	-	389,096	(582,725)	(26,948)	(609,673)
Effects of correction in error	-	-	-	-	-	(36,819)	(36,819)	-	(36,819)
At 1 January 2016, as restated	3,648,152*	3,371,685	193,521	(3,060,790)	18,937	1,655,798	5,827,303	2,511,674	8,338,977
Loss for the financial period	-	-	-	-	-	(7,385)	(7,385)	2,936	(4,449)
Other comprehensive (loss)/income for the financial period, net of tax:									
Items that will be subsequently reclassified to to profit or loss									
- currency translation differences	-	-	(64,005)	-	-	-	(64,005)	(1,710)	(65,715)
- fair value changes in available-for-sale financial assets	-	-	-	-	3,641	-	3,641	(21)	3,620
- share of other comprehensive loss of joint ventures	-	-	(9,511)	-	-	-	(9,511)	-	(9,511)
	-	-	(73,516)	-	3,641	-	(69,875)	(1,731)	(71,606)
Total other comprehensive (loss)/income for the financial period	-	-	(73,516)	-	3,641	(7,385)	(77,260)	1,205	(76,055)
Dividend paid for the financial year ended 31 December 2015 (final)	-	-	-	-	-	(72,962)	(72,962)	-	(72,962)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(54,305)	(54,305)
Total transaction with owners						(72,962)	(72,962)	(54,305)	(127,267)
At 30 June 2016	3,648,152	3,371,685	120,005	(3,060,790)	22,578	1,575,451	5,677,081	2,458,574	8,135,655

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

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

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended 30 June	
	2017 RM'000	2016 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial period	(3,277)	(4,449)
Adjustments for non-cash items	635,243	529,464
Operating profit before working capital changes	631,966	525,015
Changes in working capital	27,803	156,876
Cash generated from operations	659,769	681,891
Interest received	11,213	7,160
Taxation paid	(91,749)	(13,177)
Zakat paid	(1,073)	(803)
Retirement benefits paid	(892)	(491)
Net cash generated from operating activities	577,268	674,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(713,029)	(336,617)
Additions of biological assets	(13,211)	(27,034)
Purchase of intangible asset	(13,324)	(7,905)
Purchase of investment property	-	(1,371)
Purchase of prepaid lease payments	-	(4,682)
Net cash outflow from acquisition of a subsidiary	-	(278,618)
Proceeds from disposal of property, plant and equipment	-	1,016
Proceeds from sales of available-for-sale financial assets	17,568	-
Additions of available-for-sale financial assets	(22,554)	-
Additions of financial assets at fair value through profit or loss	(1,999)	-
Payment for asset retirement obligations	(9)	-
Dividend received from associates	806	2,844
Dividend received from available-for-sale financial assets	28	1,461
Net cash used in investing activities	(745,724)	(650,906)

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

	Year to date ended 30 June 2017 RM'000	Year to date ended 30 June 2016 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	3,974,231	4,803,221
Repayment of borrowings	(3,405,208)	(4,248,834)
Repayment of LLA liability	(155,502)	(121,003)
Repayment of loan due to a significant shareholder	(102,143)	(102,143)
Loan to joint ventures	(22,510)	-
Dividend paid to shareholders	(36,483)	(72,962)
Dividend paid to non-controlling interest	(33,928)	(54,305)
Finance costs paid	(73,605)	(101,658)
Decrease in fixed deposits pledged for bank guarantee	-	128,843
Net cash generated from financing activities	144,852	231,159
Net (decrease)/ increase in cash and cash equivalents	(23,604)	254,833
Effect of foreign exchange rate changes	(26,094)	(6,193)
Cash and cash equivalents at beginning of the financial period	1,854,054	2,008,539
Cash and cash equivalents at end of the financial period	1,804,356	2,257,179
Deposits, cash and bank balances	1,805,486	2,622,832
Less: Assets held for sale	(1,130)	-
Less: Fixed deposits pledged	-	(365,653)
Cash and cash equivalents at end of the period	1,804,356	2,257,179

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.

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.

2. Seasonal or Cyclical Factors

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

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

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

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

4. Material Changes in Estimates

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

5. Debt and Equity Securities

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

6. Dividends

The final single tier dividend of 1.0 sen per share for the financial year ended 31 December 2016 amounting to RM36.48 million was paid on 15 June 2017.

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 30 June 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 – 30 June 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:

Year to date ended 30 June 2017	Plantation	Sugar	Logistics and Others	Reconciliation	Total
Total segment revenue	10,505,078	2,835,309	1,002,071	(5,795,608)	8,546,850
Less : Inter-segment revenue	(4,080,920)	(1,492,498)	(222,190)	5,795,608	-
Revenue from external customers	6,424,158	1,342,811	779,881	-	8,546,850
Finance income	6,222	10,520	1	(5,530)	11,213
Finance costs	(29,965)	(10,895)	(3,813)	(33,594)	(78,267)
Depreciation and amortisation	(255,307)	(25,955)	(49,724)	(7,120)	(338,106)
Fair value changes in LLA liability	(120,566)	-	-	-	(120,566)
Share of results of joint ventures	7,930	-	-	505	8,435
Share of results of associates	816	-	-	10,498	11,314
Profit/(loss) before zakat and taxation for the financial period	148,009	(41,600)	5,438	(55,873)	55,974

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)

Year to date ended 30 June 2016 (Restated)	Plantation	Sugar	Logistics and Others	Reconciliation	Total
Total segment revenue	9,483,728	1,586,740	694,715	(3,870,133)	7,895,050
Less : Inter-segment revenue	(3,294,755)	(398,413)	(176,965)	3,870,133	-
Revenue from external customers	6,188,973	1,188,327	517,750	-	7,895,050
Finance income	8,354	1,546	1,702	(4,442)	7,160
Finance costs	(50,268)	(5,715)	(3,189)	(49,616)	(108,788)
Depreciation and amortisation	(261,811)	(24,096)	(54,432)	(7,388)	(347,727)
Fair value changes in LLA liability	(101,960)	-	-	-	(101,960)
Share of results of joint ventures	12,220	-	-	4,849	17,069
Share of results of associates	467	-	-	20,511	20,978
(Loss)/profit before zakat and taxation for the financial period	(9,690)	99,145	(5,959)	(41,981)	41,515

Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 June 2017	As at 31 December 2016
Property, plant and equipment:		
- contracted	471,064	703,445
- not contracted	358,991	704,410
	830,055	1,407,855
Bearer plant:		
- contracted	97,755	87,958
- not contracted	5,913	18,094
	103,668	106,052
Intangible assets:		
- contracted	503	-

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.

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2017 and 30 June 2016 are as follows:

a) Sales of goods and services

	Year to date ended 30 June 2017	2016
(i) Transactions with joint ventures		
Sales of Palm Processed Oil ("PPO") and Palm Fatty Acid Distillete ("PFAD") by Felda Global Ventures Trading Sdn. Bhd. ("FGVT") to Felda Iffco Sdn. Bhd. ("FISB Group")	80,505	-
Sales of CPO by Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	924,614	706,870
Sales of Crude Palm Kernel Oil("CPKO"), Refined Bleached Deodorised Palm Kernel Oil ("RBDPKO") and Palm Kernel Fatty Acid Distillete ("PKFAD") by Felda Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	852,640	616,318
Sales of CPO by FGVPM to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	190,428	162,551
(ii) Transaction with associates		
Sales of PPO by FGVT to F.K.W. Global Commodities (Private) Limited ("FKW")	22,834	16,560

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2017 and 30 June 2016 are as follows: (continued)

(a) Sales of goods and services (continued)

	Year to date ended 30 June 2017	Year to date ended 30 June 2016
(iii) Transaction with FELDA Group		
Sales of fertiliser by FPM Sdn. Bhd. ("FPMSB")	145,738	171,762
Maintenance and consultancy services by Felda Engineering Services Sdn. Bhd. ("FESSB")	27,442	34,281
IT services rendered by Prodata	15,556	14,167
Security services rendered by Felda Security Services Sdn. Bhd. ("FSSSB")	10,460	12,369

(b) Purchase of goods and services

	2017	2016
Transaction with FELDA Group:		
LLA liability paid by FGVPM	155,502	121,003
Interest expense charged by FELDA	41,087	46,178
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRISB")	77,574	39,367
Purchase of FFB by FGVPM	1,586,810	1,206,283
Building rental charged by FELDA	13,990	17,950

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2017 and 30 June 2016 are as follows: (continued)

(c) Transactions with Government related entities

	Year to date ended 30 June 2017	2016
Transactions between subsidiaries and other government agencies:		
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	44,578	60,799
CESS payment to Malaysia Palm Oil Board ('MPOB')	16,661	14,885

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.

11. Contingent Liabilities and Material Litigation (continued)

On 26 May 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. On 6 June 2017, Defendants filed an Application for Summary Judgement (O14A). On 7 June 2017, the Plaintiffs have filed an oral application to withdraw their claim against the Defendants. Therefore, on the same day, Kuantan High Court allowed the application and the suit was withdrawn with no liberty to file afresh with cost of RM20,000 to be paid to Defendants. The withdrawal was before YA Dato' Zainal Azman.

Amounts in RM thousand unless otherwise stated

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 26 May 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 advice 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*	B
Graded OER	C

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

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended 30 June 2017	2016 (Restated)	% +/(-)
Revenue	8,546,850	7,895,050	8.3
Plantation	148,009	(9,690)	>100
Sugar	(41,600)	99,145	<100
Logistics and Others	5,438	(5,959)	>100
Sector results	111,847	83,496	34.0
Reconciliation	(55,873)	(41,981)	(33.1)
Profit before zakat and taxation	55,974	41,515	34.8
Zakat	(1,073)	(803)	(33.6)
Taxation	(58,178)	(45,161)	(28.8)
Loss for the financial period	(3,277)	(4,449)	26.3
Profit/(loss) attributable to:			
Owners of the Company	28,382	(7,385)	>100
Non-controlling interests	(31,659)	2,936	<100
Loss for the financial period	(3,277)	(4,449)	26.3

Overall

Group revenue for the second quarter ended 30 June 2017 was RM8.55 billion, increased by 8.3% as compared to the corresponding period of the previous year. The Group recorded a profit before zakat and taxation of RM55.97 million compared to RM41.51 million reported last year largely due to higher contribution from Plantation Sector and Logistics and Others Sector. The positive result was however partly offset by losses incurred in Sugar business as a result of higher raw sugar costs and weakening of Ringgit Malaysia.

The impairment of receivables and provision for litigation loss amounted to RM62.3 million recognised in Plantation Sector in preceding quarter had further impacted the performance of the Group in 2017.

13. Review of Group Performance (continued)

(a) Plantation Sector

Plantation Sector registered a profit of RM148.01 million for the financial period ended 30 June 2017 compared to RM9.69 million losses in previous year mainly due to higher margin achieved as a result of higher average CPO price realised of RM2,916 per mt compared to RM2,446 per mt realised in 2016 and lower CPO production cost per mt against previous year. CPO production increased by 12% to 1.28 million mt in 2017.

Operationally, FFB production decreased marginally from 1.86 million mt in 2016 to 1.85 million mt in 2017. OER achieved was lower at 19.79% compared to 20.47% achieved in the previous year.

Higher margin achieved in RBDPKO and R&D business as a result of higher average price against previous year coupled with gain in foreign exchange in fertilizer business compared to loss in 2016 had improved the Sector's result.

(b) Sugar Sector

Sugar Sector recorded a loss of RM41.60 million compared to a profit of RM99.15 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 RM5.96 million losses in previous year to a profit of RM5.44 million mainly attributable to higher throughput and tonnage carried by Group's transport operation in tandem with the increase in CPO production volume but was affected by lower contribution from Others Sector due to reduction in the projects handled compared to previous year.

Amounts in RM thousand unless otherwise stated

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

	Quarter ended 30 June 2017	Quarter ended 31 March 2017	% +/(-)
Revenue	4,223,645	4,323,205	(2.3)
Plantation	148,913	(904)	>100
Sugar	(18,438)	(23,162)	(20.4)
Logistics and Others	(4,315)	9,753	<100
Sector results	126,160	(14,313)	>100
Reconciliation	(38,930)	(16,943)	<100
Profit/(loss) before zakat and taxation	87,230	(31,256)	>100
Zakat	(664)	(409)	(62.3)
Taxation	(58,407)	229	<100
Profit/(loss) for the financial period	28,159	(31,436)	>100
Profit/(loss) attributable to:			
Owners of the Company	25,913	2,469	>100
Non-controlling interests	2,246	(33,905)	>100
Profit/(loss) for the financial period	28,159	(31,436)	>100

Overall

Group revenue for the quarter ended 30 June 2017 declined marginally by 2.3% compared to preceding quarter. The Group posted a profit before zakat and taxation of RM87.23 million compared to RM31.26 million losses in the preceding quarter mainly due to lower fair value charge in LLA of RM23.07 million compared to RM97.50 million registered in preceding quarter. The result in preceding quarter was also impacted by the recognition of impairment of receivables and provision for litigation loss amounted to RM62.3 million.

The Group's result however, was continually affected by higher raw sugar costs in Sugar business and losses registered by Logistics and Others Sector in current quarter.

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

(a) Plantation Sector

The Plantation Sector recorded a profit of RM148.91 million in current quarter compared to a loss of RM0.90 million in preceding quarter. This was mainly attributed by lower fair value charge in LLA in current quarter of RM23.07 million compared to RM97.50 million in preceding quarter. The preceding quarter was also affected by higher impairment of receivables and provision for litigation loss amounted to RM62.30 million compared to impairment of receivables amounted to RM18.21 million recognized in current quarter. Excluding the above effect, the Sector's profit increased by 20% to RM190.19 million from RM158.90 million in preceding quarter.

Operationally, the lower average CPO price realised in current quarter of RM2,796 per mt against RM3,061 per mt in preceding quarter was mitigated by the increase in CPO sales volume by 20.6%. This was underpinned by 26.6% higher CPO production in tandem with higher FFB production in current quarter of 1.04 million mt compared to 0.80 million mt in preceding quarter. OER achieved was slightly lower at 19.77% in current quarter compared to 19.82% achieved in preceding quarter.

The improved result for current quarter was also supported by gain in foreign exchange in trading and fertiliser businesses.

(b) Sugar Sector

Sugar Sector registered a lower loss by 20% compared to preceding quarter due to higher sales volume but impacted by continuously higher raw sugar material cost in current quarter.

(c) Logistics and Others Sector

The Logistics and Others Sector registered a loss of RM4.32 million compared to a profit of RM9.75 million in preceding quarter mainly attributable to lower contribution from travelling business in current quarter due to fasting month and impairment in receivables recognised in Others Sector of RM4.1 million.

Higher throughput and tonnage carried by logistics sector in line with the higher CPO production in current quarter partially offset the lower profit of the Others Sector.

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

	Year to date ended 30 June	
	2017	**2016** (Restated)
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	316,962	315,211
Property, plant and equipment written off	4,200	-
Depreciation of investment properties	5,922	6,093
Amortisation of intangible assets	14,067	21,797
Amortisation of prepaid lease payments	1,155	2,103
Accelerated depreciation of biological assets	-	2,442
Impairment of receivables	48,993	-
Provision for litigation loss	32,841	-
Net unrealised foreign exchange loss/(gain)	5,641	(857)

16. Taxation

	Quarter Ended 30 June		Year to date Ended 30 June	
	2017	**2016**	**2017**	**2016**
Malaysian income tax				
Current financial period	(22,856)	(53,691)	(17,307)	(56,269)
Prior financial period	-	-	-	-
	(22,856)	(53,691)	(17,307)	(56,269)
Foreign income tax				
Current financial period	(756)	874	(2,062)	(1,983)
Deferred tax	(34,795)	3,516	(38,809)	13,091
	(58,407)	(49,301)	(58,178)	(45,161)

The effective tax rate of 106% for the financial period ended 30 June 2017 is higher than the Malaysian income tax rate of 24% due to certain expenses which are not allowable and deferred tax assets not recognised on losses in certain subsidiaries.

Amounts in RM thousand unless otherwise stated

17. Borrowings

The total unsecured borrowings are as follows:

	As at 30 June 2017		
Long-term borrowings	**Secured**	**Unsecured**	**Total**
Loan due to a significant shareholder	-	1,372,541	1,372,541
Islamic term loans	427,510	7,280	434,790
Term loans	1,201	-	1,201
Finance lease liabilities	-	-	-
	428,711	1,379,821	1,808,532
Short-term borrowings			
Loan due to a significant shareholder	-	213,206	213,206
Islamic term loans	497,090	1,665	498,755
Term loans	785	-	785
Islamic short term trade financing	2,172	2,679,442	2,681,614
Short term trade financing	46,847	788,072	834,919
Finance lease liabilities	-	299	299
	546,894	3,682,684	4,229,578
Total borrowings	975,605	5,062,505	6,038,110

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

Ringgit Malaysia	5,280,196
United States Dollar	684,661
Thai Baht	11,243
Great Britain Pound	58,830
Singapore Dollar	3,180
Total borrowings	6,038,110

As at 30 June 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.

A subsidiary of FGVH has reclassified its Islamic term loan to current borrowings due to non-compliance of certain loan covenants and is in discussion with banks to restructure and negotiate a new term loan arrangement, which is expected to be finalized in the second half period ending 31 December 2017.

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 30 June 2017 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	**Liabilities**
Foreign currency forwards	1,645,673	762	978
Palm oil futures	51,992	1,233	-
	1,697,665	1,995	978

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 30 June 2017.

30 June 2017	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss:				
- Derivatives	1,233	762	-	1,995
- Trading securities	40,541	-	-	40,541
Available-for-sale financial assets	71,181	-	251,651	322,832
Total assets	112,955	762	251,651	365,368
Liabilities				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,372,628	4,372,628
- Derivatives	-	978	-	978
Total liabilities	-	978	4,372,628	4,373,606

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 30 June 2017	Financial year 2016
LLA liability		
1 January	4,407,564	4,627,195
Fair value changes charged to profit or loss	120,566	68,275
Repayment during the financial period/year	(155,502)	(287,906)
30 June /31 December	4,372,628	4,407,564
Available for sale financial assets		
1 January	247,542	251,351
Addition	4,109	5,488
Liquidation of a subsidiary	-	(1,613)
Fair value losses transferred to available-for-sale reserves	-	(7,684)
30 June/31 December	251,651	247,542

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.

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:

	As at 30 June 2017	As at 30 June 2016
Total retained earnings of the Company and its subsidiaries:		
- realised	4,193,380	4,763,843
- unrealised	(912,768)	(734,050)
	3,280,612	4,029,793
Total share of retained earnings from jointly controlled entities:		
- realised	49,644	72,920
- unrealised	(14,754)	24,835
	34,890	97,755
Total share of retained earnings from associates:		
- realised	187,816	177,334
- unrealised	(6,011)	(474)
	181,805	176,860
Less: consolidation adjustments	(1,899,074)	(2,728,957)
Total retained earnings of FGVH	1,598,233	1,575,451

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.

21. Earnings Per Share

	Quarter ended 30 June		Year to date ended 30 June	
	2017	2016	2017	2016
Basic earnings per share are computed as follows:				
Profit/(loss) for the financial period attributable to owners of the Company (RM'000)	25,913	73,692	28,382	(7,385)
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	0.7	2.0	0.8	(0.2)

22. Status of Corporate Proposals

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

23. Significant events

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

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

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

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 by fourth quarter of 2017 and receipt of the insurance funds soon thereafter.

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

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

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

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

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

(iv) On 19 June 2017, Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad resigned as a Chairman of FGV. On the same day, Tan Sri Dr Sulaiman Bin Mahbob has been appointed as an Acting Chairman of FGV.

23. Significant events (continued)

(v) On 20 July 2017, The Board of Directors of FGV informed on the appointment of YBhg. Dato' Khairil Anuar Haji Aziz, Chief Operating Officer, Logistics & Others Sector as the Officer-In-Charge to take over the duties and responsibilities of the Group President/Chief Executive Officer and at the same time the Board Executive Committee be disbanded with immediate effect from 20 July 2017.

24. Material events after reporting period

There were no material events after the reporting period.

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 the financial period ended 30 June 2016 shown as comparatives to this interim financial report have been restated to comply with the new accounting policy.

26. Prospects

The Group's fresh fruit bunches (FFB) production for second quarter improved compared to that of first quarter. However, production was flat in the first half 2017 against the same period last year partly due to weak performance of 1st year crop and labour shortages.

In terms of labour, the issue has been partly mitigated through greater government support and through better engagement with the supplying countries. For the Group, this has ensured continuous and consistent supply of labour. The Group is also proactively implementing the use of mechanization in the estates to manage the labour shortages.

Barring unforeseen circumstances and the expected sustainable CPO price, 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

30 August 2017